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Soviet Grants Special Powers To Gorbachev

By Michael Dobbs
Washington Post Service

MOSCOW — The Soviet parliament granted President Mikhail S. Gorbachev sweeping new powers Monday, virtually allowing him to run the country by decree during a disruptive transition period to a market economy.

The Supreme Soviet's decision to delegate much of its day-to-day authority to Mr. Gorbachev masked its failure to reach agreement on an emergency economic recovery program and the continuing disarray in the Kremlin over the pace and scope of economic change.

Attempting to avoid a bruising political showdown, the legislature postponed until the middle of next month a long-awaited decision on its choice of an economic strategy.

In an emotional speech, in which he accused legislators of being out of touch with public opinion, Mr. Gorbachev said the entire country was calling for the more effective use of executive power. He promised to act "with due responsibility," but he did not elaborate on how he intended to use his new authority.

"Additional powers mean responsibility first of all and don't you try to oversimplify things, pretending that this is a tea break or a trip to, say, the Canary Islands," said Mr. Gorbachev, giving the deputies an angry, headmasterly scolding. He was interrupted by cries of "You're right, Mikhail Sergeyevich" from his supporters.

Monday's proceedings in the Kremlin illustrated the brittle nature of the Soviet democracy, with Gorbachev aides openly at odds with one another and a radical deputy raising the specter of a military coup. The head of the KGB security police, Vladimir A. Kryuchkov, took the rostrum to deny rumors of mysterious movements in the Moscow region by crack army and KGB troops.

The new powers voted to the president include the right to issue decrees covering such diverse subjects as property, economic management, the financial and budget system, wage policy, price-setting and the maintenance of public order.

In an interview late Monday, Mr. Gorbachev's top economics adviser, Stanislav S. Shatalin, said he hoped for an early decree on measures to stabilize the economy.

The Soviet economy has deteriorated at an alarming pace over the past few months, as shortages spread from one sector of industry to another, production plummets, and the budget deficit reaches critical levels. A senior economist, Abel G. Aganbegyan, last week described the situation as "catastrophic," saying that economic disintegration had reached the point where social convulsions had become possible.

Although he accused the deputies of indecision, Mr. Gorbachev himself seems torn between the wish to press ahead with a rapid transition to a market economy and political loyalty to his prime minister, Nikolai I. Ryzhkov. Mr. Ryzhkov has advocated a gradual and controlled pace of economic change and has threatened to resign if he does not receive the support of parliament.

At Mr. Gorbachev's urging, the Supreme Soviet adopted a resolution calling for a merging of the government's proposals and the more radical 500-day plan drawn up by a presidential working group headed by Mr. Shatalin.

Both sides have described the rival programs as "irreconcilable" since they differ on such key subjects as the freeing of prices, the speed of denationalization and the powers of the republics.

At one point, Mr. Shatalin appeared on the verge of resignation, saying "I do not want to participate in a show" and offering his own

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The Associated Press

Muscovites in Red Square protesting before the Supreme Soviet vote on special powers.

Oil Jumps to $40, Sending World Stocks Plunging

Compiled by Our Staff From Dispatches

NEW YORK — Heightened fears of a Gulf war sent spot oil prices spiraling upward above $40 a barrel for the first time in almost a decade on Monday and touched off a new selloff on the world's stock markets.

The Dow Jones industrial average plunged 59.41 points, to 2,452.97, its lowest close since July 1989. The index has fallen 446.29 points, or 15.4 percent, since Iraq invaded Kuwait on Aug. 2.

"The market can't discount what's going to happen in the Gulf," said Larry Wachtel, a market analyst at Prudential-Bache Securities. "The situation just leads to questions and paralyzes everyone."

The nosedive in New York followed similar big drops on European and Asian exchanges. The key market index in London fell to its lowest level since February 1989; indices in Paris and Frankfurt plunged more than 2 percent, and Taiwan stocks plummeted more than 6 percent.

Traders blamed the financial bloodbath on renewed war talk from President Saddam Hussein of Iraq, who repeated his threat to attack Israel and oil fields in Saudi Arabia if his country was "suffocated" by the tightening of UN sanctions.

"Saddam Hussein's latest threats have raised fears about the future of oil prices," said Howard Gorges of South China Securities in Hong Kong. "Right now, all people can see is bad news — with interest rates still high and a possible recession looming."

The world benchmark crude oil, Britain's North Sea Brent Blend, changed hands on the spot market in London at $40 a barrel for October shipment. It was the highest North Sea spot price since December 1980.

The rise continued on U.S. futures markets, with light sweet crude for November delivery rising $2.82, to $38.25 a barrel on the New York Mercantile Exchange, the highest close since crude began trading on the exchange in 1983.

"The market has always feared a war which might cause damage in the Gulf oil fields," said Alan Sinclair, an oil analyst with London stockbrokers Smith New Court.

Oil prices have more than doubled since Iraq's invasion, even though the actual supply of OPEC crude oil on world markets has rebounded from its mid-August low.

An official at the International Energy Agency in Paris said production by the Organization of Petroleum Exporting Countries had risen to 22 million barrels a day currently from 19.7 million in mid-August. The official said the supply situation on world markets was "manageable, though not comfortable."

The increase largely reflects the efforts of Saudi Arabia, Venezuela and the United Arab Emirates to replace supplies lost through the UN embargo on Iraqi and Kuwaiti crude. Before Iraq's invasion, OPEC was cutting back to an output target of 22.5 million barrels a day.

The only financial instrument to

See OIL, Page 12

Iran Blocks Smuggling to Iraq

By Alan Cowell
New York Times Service

CAIRO — Iran announced Monday that it had seized 29 people accused of trying to smuggle food across a remote border into Iraq.

It was the first sign that Tehran was enforcing the international embargo imposed after Baghdad's invasion of Kuwait on Aug. 2.

The official Iranian press agency IRNA said two bands of smugglers trying to cross the frontier had been arrested with contraband food including rice, vegetable oil and sugar. It said they had been handed over to a revolutionary court in the northwestern city of Sanandaj. It gave no other details.

Smuggling, particularly in the mountainous Kurdish regions of Turkey, Iraq and Iran, has long been a way of life among tribesmen in the area.

Food prices in Iranian border towns were reported to have risen after the embargo was imposed, suggesting increased demand for contraband. But the announcement on Monday was the first indication that Iran was taking action against smuggling.

Officially, Iran supports the international sanctions imposed on Iraq, but there have been suggestions, despite Iranian denials, that Tehran has agreed with Baghdad to barter food for oil.

The announcement on Monday coincided with a visit to Iran by President Hafez Assad of Syria, his

See IRAN, Page 2

In Japan, Military Jumps Into Debate

By David E. Sanger
New York Times Service

TOKYO — After four decades of silence, Japan's military has openly split with some of the country's political leaders in a bitter debate over whether and how Japan should contribute forces to the Gulf in what may become the military's first excursion abroad since the end of World War II.

Because of its history as the moving force behind the rightist government that plunged Japan into the invasions of China and Southeast Asia, and ultimately into a disastrous war against the United States, Japan's military has stayed out of political discourse since being reconstituted as the Self-Defense Forces in the 1950s.

Since that time, the "peace constitution" written for Japan by the United States has been interpreted as barring the country's military from venturing beyond the Japanese archipelago, even as part of United Nations peacekeeping forces.

But the Iraq crisis, and demands from the United States, are driving many people in the Japanese government to put more at risk than just its money.

Suddenly the country is facing the issue of whether Japan is psychologically or legally prepared to use military forces to protect its economic interests abroad, even in noncombat roles as part of an international force.

"This may be the most heated and emotional debate since the end of the war," said Masashi Nishihara, a professor at Japan's leading military college and an influential figure in the country's struggle to define a role that goes beyond that of economic superpower.

"It is a question that Japan has never faced squarely," he said. "But this may be the moment."

The issue has taken on a particular urgency within the government because it seems bound to come up this week when Prime Minister Toshiki Kaifu prepares to go the United States for a UN General Assembly session and a meeting with President George Bush.

But just as he is leaving, Mr. Kaifu's initial proposal — to create an unarmed, civilian "United Nations cooperation force" to provide behind-the-lines support to American and other forces in Saudi Arabia — has begun to collapse, under attack from opposition parties, the Japanese military and even leaders of Mr. Kaifu's party.

The largest opposition party, the Japan Socialist Party, has never recognized the legitimacy of the Self-Defense Forces, contending that their existence is a violation of the Japanese Constitution. The party has said it will oppose any effort to send Japanese into a war zone.

Under Mr. Kaifu's original proposal, many

See JAPAN, Page 2

Much of Bonn's Gulf Aid Is East German

By Serge Schmemann
New York Times Service

BONN — About half the military assistance promised by West Germany for the American military buildup in the Gulf will be in the form of East German military equipment, the government spokesman said Monday.

The spokesman, Hans Klein, said that of the 1.6 billion Deutsche marks ($1 billion) pledged by Chancellor Helmut Kohl when he met Secretary of State James A. Baker 3d on Sept. 15, 740 million DM ($460 million) worth would come from the stores of the National People's Army of East Germany, which will merge with the West German Army when the two Germanys unite on Oct. 3.

Mr. Klein confirmed the arrangement after it was reported by two West German publications, Die Welt newspaper and Der Spiegel magazine.

The spokesman said weapons were not currently part of the package, but that it might include protective equipment against nuclear, chemical and biological attacks. He said it was possible that some of the equipment will be Soviet-made.

Die Welt said Saturday that the Defense Ministry was considering giving East German trucks, radio equipment, electric generators, cranes, water transport vehicles and engineering equipment.

U.S. diplomats said they were not surprised at the inclusion of East German equipment in the package, noting that the army was probably the best equipped in the Warsaw Pact and that much of its equipment was new.

The report in Der Spiegel, published Monday, stated that the Americans were irritated that they would be receiving East German equipment, but officials at the U.S. Embassy denied this.

A spokesman for the Defense Ministry said the process of selecting equipment for the Gulf was not over, and that "of course" the Americans were being consulted.

As of Oct. 3, the West German military will take responsibility for the considerable arsenal of the East German Army, which has been disintegrating ever since unity became imminent last winter. Die Welt said East German officers were complaining that it was becoming difficult to guard the stores.

When Mr. Baker visited Mr. Kohl in Ludwigshafen recently, the chancellor announced that the West German government would

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On Page 8

François Mitterrand assails Iraq at the United Nations.
George Bush tells Arab-Americans he will not yield "one inch."
The White House finds itself beset with internal tensions.

Khrushchev Book: Castro Urged Attack

By David Hoffman
Washington Post Service

WASHINGTON — Fidel Castro urged the Soviet Union to launch a "preemptive strike" against the United States during the 1962 Cuban missile crisis, according to newly available recollections dictated by Nikita S. Khrushchev.

"Castro suggested that to prevent our nuclear missiles from being destroyed, we should launch a preemptive strike against the United States," the former Soviet leader said.

But, he added, after the Soviet Union installed 42 nuclear-armed missiles in Cuba "my comrades in the leadership and I realized that our friend Fidel totally failed to understand our purpose," that the missiles were supposed to be a deterrent against attack, not to be used against U.S. targets.

Khrushchev died in 1971. His new recollections appear in a third volume of his memoirs that are excerpted in this week's edition of Time magazine.

Khrushchev says that "our security organs" had told him that the missiles would not be detected right away by U.S. planes. "Supposedly, the palm trees would keep our missiles from being seen from the air," he said.

But he added: "The security people turned out to be wrong. The Americans caught us in the act."

Khrushchev, in more than 100 hours of tape recordings that fill in pieces missing from the earlier memoirs, also recalls that Julius and Ethel Rosenberg helped the Soviet Union "master the production of nuclear energy faster than we would have otherwise, and helped us produce our first atom bomb."

"I was part of Stalin's circle when he mentioned the Rosenbergs with warmth," he says. "I cannot specifically say what kind of help they gave us, but I heard from both Stalin and Molotov, then minister of foreign affairs, that the Rosenbergs provided very significant help in accelerating the production of our atom bomb."

The Rosenbergs were convicted of conspiracy to commit espionage. The government said they had helped pass on to the Soviets secrets that were obtained by Ethel Rosenberg's brother, who worked at Los Alamos, New Mexico, where the U.S. atomic bomb was being developed. The Rosenbergs went to their deaths in the electric chair in New York in 1953, proclaiming their innocence to the end.

Dictating into a tape recorder in the late 1960s, after he had been removed from office and was living virtually under house arrest in the village of Petrovo-Dalneye, Khrushchev expressed some attitudes similar to those of the current Soviet leader, Mikhail S. Gorbachev.

Sounding much like Mr. Gorbachev, Khrushchev laments that the Soviet Union could not feed itself

See MEMOIRS, Page 2

Anti-Terrorism: A Pilot's Idea Pays Off

By Joseph Fitchett
International Herald Tribune

PARIS — As he stood amid the wreckage of the Lockerbie terrorist bombing that killed his wife, a Pan Am pilot felt his grief and his frustration with the police well up. He vowed then to do something more effective against international terrorism.

Prevent it if possible, he thought. If not, find better ways of tracking down the terrorists.

This month or next, the pilot's crusade will start paying off as the U.S. State Department gives out the first reward for information enabling the authorities to prevent a terrorist operation or track down those responsible for planning an attack such as the one that destroyed Pan American World Airways Flight 103 over Lockerbie, Scotland, on Dec. 21, 1988.

Largely thanks to the determination of the Pan Am captain, Bruce Smith, a U.S. counter-terrorist program has been set up offering to pay informers up to $4 million per case and to resettle them in the United States for information that betrays terrorist organizations.

After chafing for months at bureaucratic stumbling blocks in the way of the reward program, Captain Smith says he hopes to see it get a higher profile now that President Saddam Hussein of Iraq has threatened to order terrorists into action against the West.

Against this or any other terrorist campaign, "the best insurance yet" could come from the new program of lucrative rewards and political asylum under the U.S. Justice Department's witness-protection program, Captain Smith said in an interview Monday.

The million-dollar bracket of the payments is meant to be large enough to compete with the contracts of oil-financed terrorists and to tempt them into running the risk of denouncing their own organizations.

Western intelligence agencies, in trying to penetrate terrorist cells, have often been stymied by their secretive, clannish character. The reward system, Captain Smith said, is intended to appeal to disaffected terrorists seeking revenge or simply a way out, and also to lure some of the growing number of ordinary criminals involved with terrorists.

Terrorism was already on his mind in December 1988 as Captain Smith, 54, a Pan Am pilot with 22 years' experience in the airline, waited for Flight 103. It was bringing his wife, Ingrid, 31, to New York to travel on the flights that he was to pilot the next few days so that they could be together over the holidays.

After the Lockerbie disaster, in which his wife and 269 other people were killed, Captain Smith said he realized that "after this, I would have nothing else in my life to worry about, ever, except trying to stop this from happening again."

The reward program had its origin when Captain Smith decided to offer his insurance

See PILOT, Page 2



Thomas Szlukovenyi/Reuters

Michael Chang had reason to cheer Monday: He came from two sets down to defeat Horst Skoff of Austria and put the United States into the Davis Cup tennis final against Australia. Page 21.

Kiosk

37 Die in Blast In Bangkok

BANGKOK (Reuters) — At least 37 people were killed and more than 90 were injured, many severely, when a truck carrying tanks of liquefied gas crashed and exploded in the center of Bangkok on Monday night. The death toll was expected to grow.

The truck turned off the Bangkok expressway at high speed, sideswiped a car and careered into a row of buildings. The explosion filled a broad avenue with flame, enveloping 39 buildings, the police said.

General News
The cost of unification has become central to West Germans. Page 5.
U.S. localities challenged Census Bureau counts. Page 3.

Style
Ten thousand people toast Paris's street of luxury, Avenue Montaigne, with Champagne. Suzy Menkes reports. Page 9.

Business/Finance
Britain's manufacturing sector slipped into recession, a report said. Page 11.

Crossword Page 9.
Weather Page 2.

Dow Close	The Dollar In New York	
2,452.97	DM	1.5595
Down	Pound	1.8815
59.41	Yen	137.38
	FF	5.221

De Klerk, at White House, Says Change Is Irreversible

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush met with President Frederik W. de Klerk of South Africa at the White House on Monday and said the South African's program to dismantle apartheid was courageous and irreversible.

Speaking after a two-hour meeting that included luncheon — the first White House visit by a South African president in the 42 years of apartheid — Mr. Bush said Mr. de Klerk had gone too far toward democracy to turn back.

"I think all Americans recognize that President de Klerk is courageously *trying to change things*," Mr. Bush said. "Our goal must be to support the process of change."

"We believe the process of change in South Africa is irreversible," he added, "a fact that we will bear squarely in mind as we consider specific issues in the future."

"We will be *in touch with our* traditional allies in Western Europe and elsewhere on what we can do to help build democracy in South Africa," Mr. Bush said.

Mr. de Klerk also said the process in South Africa was irreversible, promising to scrap the country's white supremacist system.

Mr. de Klerk said Sunday that he would not press his host on this occasion for relief from U.S. economic sanctions.

Mr. Bush volunteered the comment that a decision to lift those sanctions would be linked to specific conditions set by a law passed by Congress in 1986.

But he said he had assured Mr. de Klerk that the conditions would not be reinterpreted as South Africa moved closer to meeting them.

"I do not believe in moving the goalposts," he said.

Mr. de Klerk, who freed Nelson Mandela, the leader of the African National Congress, from prison in February, has said that he cannot turn back to apartheid.

On Monday, he told Mr. Bush: "The international community can rely on us. We will not turn back.

"There will be negotiations and from those negotiations there will come about a new constitution that will offer full political rights within the framework of internationally acceptable definitions of what democracy means.

"There will be a vote of equal *value for all South Africans.*"

Mr. de Klerk's visit to the White House followed a visit by Mr. Mandela in June, and anti-apartheid groups in Washington argued that Mr. Bush was sending the wrong signal in receiving the South African leader.

About 200 demonstrators paraded outside the White House during Mr. de Klerk's visit.

The protest focused on suggestions that Mr. de Klerk's government is behind a black township war that has claimed more than 760 lives since mid-August.

On Monday, South African policemen found six bodies of young men along railroad tracks between Johannesburg and the black township of Soweto.

All bore multiple injuries, indicating the victims may have jumped or been thrown from a train. More than two dozen people have died in attacks on trains in the area in recent weeks.

Randall Robinson, who leads the lobbying group TransAfrica, said on the sidewalk outside the White House that Mr. de Klerk should have been received in the United *States, but not in the Oval Office.*

Mr. Mandela said before Mr. de Klerk left South Africa that he did not oppose the meeting with Mr. Bush, but wanted U.S. sanctions to remain in place.

Mr. de Klerk was the first South African government leader to visit the United States in 45 years and the first ever to be welcomed in the White House.

Apartheid, the country's system of racial segregation, was imposed by the white government in 1948.

Mr. de Klerk said he was encouraged by Mr. Bush's recognition that the changes already made in *South Africa* were "*irreversible*" — a word that has become a code reference in the global debate about continuing economic sanctions against Pretoria.

The European Community and the Commonwealth have both demanded "evidence of profound and irreversible change" as a condition for the lifting of trade, investment and cultural boycotts against South Africa. *(Reuters, AP)*



Uli Michel/Reuters

Winnie Mandela being led to court Monday in Soweto, accompanied by her husband, Nelson.

Winnie Mandela Trial Is Set for Feb. 4

Reuters

SOWETO, South Africa — Winnie Mandela appeared briefly in court on Monday on charges of kidnapping and assault, and a magistrate fixed her trial date for Feb. 4.

Mrs. Mandela stood silently with seven co-defendants while the charges were read. She was not asked to make a plea and was released without bail. Nelson Mandela, her husband and the leader of the African National Conference, was in the courtroom.

Magistrate Tom Veldman rejected a prosecution request for a trial on Oct. 30, saying it would not give Mrs. Mandela enough time to prepare a defense. Mrs. Mandela has declined to discuss the case, but said last week she welcomed the opportunity to clear her name.

The charges against her arise from her reported involvement in events leading to the murder of a 14-year-old black activist, Stompie Seipei, by members of her personal bodyguard in January 1989. One of the group, Jerry Richardson, was sentenced to death earlier this year for his part in the murder.

Witnesses during Mr. Richardson's trial said that Mr. Seipei was held hostage at Mrs. Mandela's home where he was beaten, kicked and whipped. The court was told that Mrs. Mandela took part in the assaults.

IRAN: *Support for the Embargo*

(Continued from page 1)

first since before the 1979 Islamic revolution.

Syria is Iraq's arch-rival in Arab politics, and the Syrian leader is said by diplomats to be pressing Iran for a tough stance against Baghdad. Iraq was Tehran's foe in the eight-year Gulf War, which ended with a cease-fire in August 1988. Syria was Iran's main Arab ally in that conflict.

Since the newest crisis in the Gulf, Iran and Iraq have agreed to resume diplomatic ties, and Mr. Assad wants to ensure that Iran does not help Iraq by ignoring the United Nations trade embargo imposed after the invasion of Kuwait, Western diplomats said.

Iranian authorities announced Monday that Mr. Assad, who has met with President Hashemi Rafsanjani and the spiritual leader Ayatollah Ali Khamenei, had decided to extend what had initially been scheduled as a three-day visit. The announcement did not say when when Mr. Assad would leave.

Since his arrival, differences have emerged between Damascus and Tehran over the issue of United States military deployment in Saudi Arabia and the Gulf, but both sides have condemned the Iraqi invasion of Kuwait.

On Saturday, Mr. Rafsanjani renewed Tehran's criticism of the United States military presence, terming it dangerous and arrogant, and saying its principle beneficiary was Israel and the immigration there by Soviet Jews.

But President Assad, who has promised to send 15,000 soldiers and 300 tanks to Saudi Arabia to join the U.S.-dominated force, took a more muted line.

"We will not accept the presence of foreign troops in this region after the Kuwaiti problem is resolved," the Syrian leader said.

■ MiGs for Tehran

The Tehran Times said Monday that Iran, which has taken delivery of a first shipment of Soviet-made MiG-29 jet fighters, wants to diversify its arms purchases and is studying other offers, Agence France-Presse *reported from Tehran.*

"Iran's military purchases will not be limited to this newly received batch of air fighters," the paper said. "Moscow has announced its agreement to sell more arms to the Islamic republic."

"But there is a rather tough rivalry going on as far as arms sales to Iran are concerned," the paper added. "A number of European countries too have informed Tehran of their preparedness to meet Iran's military needs. And it is said Iran is considering these offers as well."

JAPAN: *Military Breaks Silence in Debate Over Gulf*

(Continued from page 1)

of the members of the team would be soldiers from the Self-Defense Forces, though the others would include policemen, fire fighters and doctors. In theory, they would provide communications support, surveillance and medical treatment, but stay out of the front lines.

Because the Liberal Democrats lost control of the upper house of the Diet, or parliament, a year ago, the Socialists and smaller opposition groups could bottle up Mr. Kaifu's "UN cooperation law" for months.

Moreover, they could probably win popular support along the way. Polls show that more than 60 percent of the public opposes sending Japanese personnel to the Gulf.

Opposition is even higher among older Japanese, who blame the military for the chaos and ruin brought on by the war.

In conversations, many Japanese of all ages question whether the United States is being foolhardy or trigger-happy; many say they would prefer to pay more for oil than be pressed by Americans to send Japanese personnel to the Gulf to protect sheikhdoms.

But the bitterest criticism of Mr. Kaifu's proposal has come not from the left, or from the public, but from within the Liberal Democratic Party's own leadership.

With support from the military establishment, many are arguing that Mr. Kaifu's unarmed force, without military training and discipline, would be ineffective and vulnerable to slaughter.

"It is nonsense," an officer in the Self-Defense Forces said. "We would be laughed at as a toy army. Frankly speaking, I think if I asked my troops to go under those conditions, many would refuse."

Mr. Nishihara said that in a sampling of some of his students, all military cadets, half thought "it would be an insult to their role" to go to the Gulf out of uniform and *out of the command chain.*

What separates the current debate from past discussions about the scope of Japanese power is that this time the military is not sitting on the sidelines.

Technically, neither the uniformed officers nor the civilian heads of *Japan's military have any* role in debating defense policy.

When Mr. Kaifu was first formulating a response to American demands for help, he pointedly kept Defense Minister Yozo Ishikawa out of the meetings.

But both the civilian bureaucracy *and the military have deep ties* to the Liberal Democratic Party, and their efforts to head off Mr. Kaifu's hopes for a nonmilitary force are already showing results.

"There are a lot of back-channel contacts, and they have been very active," a high-ranking officer said.

The military has also been insisting that any personnel sent to the Gulf carry sidearms, at the least.

"It is a matter of definition," a naval officer said. "If you are carrying a pistol or a rifle, that is essentially unarmed. But to this country, unarmed means completely unarmed."

The other day, Mr. Ishikawa backed away from his earlier contention that Japan could do nothing, and he publicly termed Mr. Kaifu's proposal a "half-measure." He urged a reinterpretation of the law, which would not require parliamentary action.

On Saturday, former Prime Minister Noboru Takeshita, one of the governing party's most powerful figures, said *the government should* push through a revision of the Self-Defense Law that would permit military personnel to be sent to the Gulf, in uniform, as part of the multinational force.

That is exactly what Mr. Kaifu and Japan's Foreign Ministry have *been trying to avoid, fearing that* any revision of the Self-Defense Law would give Southeast Asia what it is often looking for: evidence that Japan seeks a new regional role beyond its borders.

Even in Japan, there is an unspoken fear that someday the Japanese *military could once again spin out* of control, and that it is unwise to set a precedent for overseas ventures. It is a fear some Japanese say the country must finally get over.

"What is the use of elections, of a democracy, if you do not think it will enable you to control the country's policy?" Mr. Shiina asked.

Harold King Dies, Reuters Reporter

Reuters

PARIS — Harold King, a former Reuters correspondent who was regarded as a leading news agency journalist of his day, died of heart failure after surgery near Paris on Monday at the age of 91. He had broken a hip a few weeks ago.

Mr. King, who joined Reuters in 1939 after working for the Financial Times and the Wall Street Journal, was made a Commandeur de la Legion d'Honneur in 1971, the first time the honor was awarded to a foreign journalist.

He was assigned to the Soviet Union as Reuters special correspondent, during World War II and later became its chief correspondent in France. He retired in 1971.

ALLIES: *East German Aid*

(Continued from page 1)

contribute 3.3 billion DM ($2.06 billion) toward the American-led efforts to force Iraq to withdraw from Kuwait. Mr. Baker said the package was "substantially" larger than he and the Germans had discussed previously.

The West Germans interpret their constitution as barring them from participating directly in military operations outside the NATO region, so Bonn has not sent troops to the Gulf. But Mr. Kohl was known to be sensitive to the perception that despite their economic heft, the Germans were not helping defend Western interests.

Beyond military equipment, the package announced by Mr. Kohl included 1.35 billion DM ($840 million) in aid to Egypt, Jordan and Turkey to help them overcome the losses suffered as a result of the blockade of Iraq.

There was some dispute, however, as to how much of the package was new aid, and how much had already been committed.

Diplomats and government officials stressed that Mr. Kohl had consistently sought to make as large a donation as possible to the Gulf operation, in part out of gratitude for the diplomatic support Washington has given him in the drive toward reunification.

■ Seoul and Taiwan Chip In

Two other U.S. allies announced contributions Monday to the Gulf effort, news agencies reported.

South Korea said it would contribute $220 million in food, equipment and cash to the multinational force and to Middle East nations hurt by the embargo.

Taiwan said it would give cash and material aid worth $30 million to Jordan, Egypt and Turkey.

Seoul said South Korea would provide $120 million worth of air and sea transport.

President Roh Tae Woo said in an interview that the United States had asked South Korea for $350 million, but that local conditions had obliged Seoul to reduce its aid package. *(AFP, Reuters)*

MEMOIRS: *Khrushchev Recalls*

(Continued from page 1)

and suggested it should "use the services of capitalism — the system we have made it our goal to defeat."

Although repression increased in his final years in office — he was ousted in 1964 — on the tapes Khrushchev sharply criticizes the suppression of human rights, questioning what kind of "workers' paradise" the Soviet Union could be if "you have to keep people in chains."

Denouncing what he called "the most cruel" censorship and warning that it would turn ideologues into "police bullies," Khrushchev confessed regret that he had had a hand in banning Boris Pasternak's novel "Doctor Zhivago."

In this final volume of his memoirs to be published next month by Little, Brown, Khrushchev also makes these points:

- He describes Stalin as "desperate" in 1942 and says Stalin "tried to make a very secret approach to Hitler during the war." According to Khrushchev, Stalin wanted to strike a deal giving Germany territory the Nazis occupied in the Ukraine, Belorussia and even parts of the Russian Federation. But "there was never any answer from Hitler."
- He says he was convinced of Stalin's complicity in the shooting of Sergei M. Kirov, the Leningrad party chief. *After the murder of* Mr. Kirov in 1934, Stalin launched a wave of purges. According to Khrushchev, the man who shot Mr. Kirov — a disgruntled former Bolshevik, Leonid Nikolayev — had gone to Mr. Kirov's office earlier, been arrested and was found to be carrying a gun.

"Yet he was set free," Khrushchev said. "The only conclusion is that he was released on the orders from higher-ups who had sent him to commit a terrorist act. I have no doubt that Stalin was behind the plot."

- He says Stalin and others in the leadership misjudged the post-World War II direction of Europe. "We had our hopes," Khrushchev said, that "after the catastrophe" of the war, and surrounded by its devastation, much of Europe — including Germany, France and Italy — would become communist. "Stalin wasn't the only one who incorrectly predicted this," he said. "All of us believed it."
- He says that Anastas I. Mikoyan, one of his closest colleagues, threatened suicide when he re*turned from an exploratory mis*sion in Hungary in 1956 to learn that Khrushchev and the rest of the leadership had decided to invade.

The new material was apparently excised from Khrushchev's earlier memoirs because of the extraordinarily blunt comments he made about Soviet leaders and important events.

KREMLIN: *Sweeping Powers*

(Continued from page 1)

proposal for the immediate adoption of the radical variant. But he later withdrew the proposal when it became clear that it would not be approved.

Mr. Ryzhkov, who went on television to denounce the 500-day plan as a recipe for mass misery and unemployment, appeared relieved at the call for a synthesis of all proposals on economic change. "It's a compromise. There are no winners and no losers," he told reporters later.

Monday's inconclusive outcome of the economic debate could rekindle the political friction between Mr. Gorbachev and Boris N. Yeltsin, president of the Russian Republic and co-sponsor of the 500-day plan. The parliament of the Russian Republic has already endorsed the program, which includes proposals for a huge sell-off of state assets in the first 200 days as a way of soaking up excess money in the economy.

Radical deputies are clearly hoping that Mr. Gorbachev will use his new powers to carry out large segments of the Shatalin program. Parliament set an expiration date of March 31, 1992, for the powers, roughly coinciding with the end of the 500-day transition period to a market economy.

By supporting Mr. Ryzhkov politically, the president appears eager to placate the vast government and Communist Party bureaucracy that is widely regarded as a powerful obstacle to change. He also wants to avoid getting bogged down in protracted confirmation hearings for the formation of a new government that could result in the loss of key aides such as Mr. Kryuchkov and Defense Minister Dmitri T. Yazov.

PILOT: *Reward Plan*

(Continued from page 1)

benefits as a bounty for anyone who helped bring to justice his wife's killers.

Through Senator Frank M. Murkowski, who represents Mr. Smith's home state of Alaska, the State Department got congressional authority to offer rewards of up to $2 million. At the urging of Pan Am's president, Thomas G. Plaskett, the Air Transport Association and the Air Line Pilots Association pledged matching funds. The new program was adopted in December 1989, and the rewards became available this June.

Despite enthusiasm over the reward program among U.S. counterterrorist officials, it has been languishing because the State Department has been reluctant to publicize it, Captain Smith said.

Any compunctions about publicity, a State Department official said, stemmed from another policy problem: the plight of U.S. hostages in Lebanon. The reward offer might be mistakenly interpreted as a disguised U.S. offer of ransom, the official said.

Even before publicity, the program is going forward. The State Department is expected to announce the first payment within weeks, apparently for an informer who has already been resettled after giving information that brought the arrest in Cyprus of a Palestinian arriving to lead a terrorist operation against a U.S. airliner.

WORLD BRIEFS

Bhutto Ordered to Trial on 2d Charge

LAHORE, Pakistan (AP) — Benazir Bhutto was ordered on Monday to stand trial on a second corruption charge stemming from her tenure as prime minister, this one involving gas contracts and nepotism charges.

A special one-judge court ruled that the caretaker government had presented enough evidence to indict Miss Bhutto. A trial was scheduled for Oct. 9. Miss Bhutto is accused of canceling lucrative contracts for the distribution of liquefied gas and giving them to friends and relatives.

On Sunday, the judge, Justice Rashid Aziz Khan, ordered Miss Bhutto to stand trial on Oct. 2 on another corruption charge, involving the sale of government-owned land to a cousin. If convicted of either charge, Miss Bhutto could be barred from the Oct. 24 elections and from taking part in politics for seven years. Her 20-month government was dismissed Aug. 6.

Liberia Rebel Sets Date for Elections

FREETOWN, Sierra Leone (Reuters) — The Liberian rebel leader Charles Taylor said Monday that he would organize general elections for Oct. 10, but a senior peacekeeping official scoffed at the proposal. A cease-fire declared Friday by Mr. Taylor has continued to hold.

Speaking in a radio interview with the BBC, Mr. Taylor said his elections would be open to opposition groups including a breakaway rebel faction under Prince Johnson. "By Oct. 10 we hope to have an assembly members elected," Mr. Taylor said, adding that those elected would be sworn in by Oct. 15. He repeated his claim that he is president of Liberia.

But in Freetown, the capital of Sierra Leone, a senior official with the five-nation West African peacekeeping force said: "It's not a serious proposition. What does Taylor control? How many children attend school on his side, how many hospitals are open?" The peacekeeping force is due to grow shortly to 6,000 troops.

Bush Vow: No Delay in Spending Cuts

WASHINGTON (AP) — The White House warned Congress on Monday that efforts to put off the Oct. 1 deadline for $100 billion in automatic spending cuts would most likely be met with a presidential veto.

The White House spokesman, Marlin Fitzwater, said the Gramm-Rudman law targets, which require the automatic cuts in the absence of congressional agreement on deficit-reduction, "are an important discipline."

Support in Congress has grown, as the deadline approaches, for a temporary measure to delay the targets until later in October. But when asked if his statement was a clear veto threat for efforts to delay the spending cuts to give budget negotiators some additional breathing room, Mr. Fitzwater said: "A veto threat is a veto threat. I conclude it's a veto threat."

Hun Sen Agrees to Resume Talks

BANGKOK (AP) — Prime Minister Hun Sen of Cambodia agreed to resume peace talks with three guerrilla groups after they made a concession on the formation of a transitional governing council, a guerrilla official said Monday.

"We have heard through a source that he will come once the date for the Supreme National Council meeting is set," the official said. The three factions in the guerrilla coalition agreed Sunday to a proposal by Prince Norodom Sihanouk, a guerrilla leader, that they give the government another seat on the Supreme National Council if the Phnom Penh government allows the prince to join as its chairman.

The guerrilla coalition, whose leaders met Monday to form a common stand for the coming talks, wants the council to meet again as soon as possible, the official said. He said the Thai government, which was host to the first meeting, was waiting for a formal reply from Mr. Hun Sen before setting up a second one.

Bulgaria Party Leader Offers to Quit

SOFIA (Reuters) — The leader of Bulgaria's governing Socialist Party, Alexander Lilov, offered on Monday to step down to make room for younger advocates of change, but said he would not refuse the leadership if the party wished to re-elect him. A vote had been expected Monday.

Prime Minister Andrei Lukanov, who with Mr. Lilov, 57, and other prominent Communists toppled the government of Todor Zhivkov last November, said it was possible that Mr. Lilov would be re-elected. Mr. Lilov's prominent role in the deposed government has discredited him in the eyes of many Bulgarians.

Greek Strikes Upset Public Services

ATHENS (Reuters) — Strikes by Greece's public workers caused lengthy power cuts on Monday in Athens, while mountains of rubbish grew around popular tourist squares and ancient temples.

The striking workers have disrupted Greece's already crippled economy for the past two weeks to try to force the government to back down on plans for a tough social security reform bill.

Debate on the bill, which cuts benefits and raises contributions to help cover the fund's $1.45 billion debt, will begin in parliament this week. A vote is expected sometime next week.

For the Record

A French fire-fighting plane crashed Monday in high winds fanning forest fires in Corsica, killing the pilot, and blazes rekindled by gusts along the Riviera burned near the edge of Cannes. The pilot of a plane about to dump water on a fire in upper Corsica was killed when his plane, apparently pushed by high winds, crashed into a mountain. *(AP, Reuters)*

TRAVEL UPDATE

U.S. Tests Overseas Passport Checks

NEW YORK (NYT) — United States-bound travelers on some flights from London at Heathrow and Gatwick airports are to begin going *through immigration inspection before they board their flights on Tues*day as part of a test program to reduce delays at U.S. airports. Similar tests are in place at Shannon Airport in Ireland and on Aruba.

During the 120-day trial, which is limited to passengers on U.S. and British airlines, travelers will have visas and passports checked by a team of 44 American inspectors at Heathrow and Gatwick airports. All travelers, including those who were inspected, still will be required to clear customs and agriculture checkpoints on arrival.

The Paris-Amsterdam rail line was reopened Monday after three days due to the derailment of a freight train carrying explosive gas. Early Friday, the train, loaded with dimethylether shipped by the Dutch chemical company AKZO to the French company Rhône-Poulenc, derailed in Ekeren, north of Antwerp, with one car bursting open and catching fire. The 1,800 inhabitants of the Antwerp suburb were evacuated. Three days were needed by fireman to control the leak and by workers to repair the damaged tracks.

A fire in a Rome underground power station knocked out electricity *wide area of the city Monday, darkening offices and apartments,* snarling traffic. Power was restored after about five hours.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	15	59	10	50	sh
Athens	33	91	21	70	s
Barcelona	26	79	16	61	cl
Belgrade	29	84	19	66	c
Berlin	15	59	9	48	r
Brussels	15	59	8	46	r
Budapest	28	82	13	55	r
Copenhagen	15	59	7	45	r
Costa Del Sol	28	82	22	72	c
Dublin	14	57	8	46	r
Edinburgh	14	57	7	45	r
Faro	24	75	17	63	r
Florence	27	81	19	66	r
Frankfurt	16	61	11	52	c
Geneva	17	63	11	52	c
Helsinki	8	46	3	37	c
Las Palmas	28	82	22	72	r
Lisbon	23	73	14	57	c
London	15	59	5	41	sh
Luxembourg	15	59	8	46	r
Madrid	24	75	13	55	c
Milan	25	77	13	55	r
Moscow	12	54	4	39	c
Munich	17	63	11	52	sh
Nice	26	79	19	66	r
Oslo	16	61	5	41	c
Paris	19	66	9	48	r
Prague	17	63	11	52	c
Reykjavik	11	52	3	37	r
Rome	28	82	22	72	c
Stockholm	10	50	4	39	c
Strasbourg	18	64	10	50	c
Venice	26	79	20	68	c
Vienna	18	64	14	57	r
Warsaw	17	63	7	45	r
Zurich	18	64	10	50	r
MIDDLE EAST					
Cairo	33	91	20	68	fr
Istanbul	25	79	18	64	fr
Manama	—	—	—	—	na
Riyadh	—	—	—	—	na
Tel Aviv	29	84	22	72	fr
OCEANIA					
Auckland	—	—	—	—	na
Sydney	22	72	14	57	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F
Bangkok	32	90	24	75
Beijing	21	70	14	57
Hong Kong	30	86	27	81
Manila	33	91	24	75
New Delhi	34	93	26	79
Seoul	24	75	16	61
Shanghai	24	75	21	70
Singapore	32	90	25	77
Taipei	33	91	24	75
Tokyo	28	82	22	72
AFRICA				
Algiers	35	95	22	72
Cape Town	23	73	13	54
Casablanca	26	79	21	70
Harare	24	84	11	52
Lagos	29	84	24	75
Nairobi	25	77	12	54
Tunis	37	99	22	72
LATIN AMERICA				
Buenos Aires	14	57	2	36
Lima	18	64	14	57
Mexico City	24	75	13	55
Rio de Janeiro	29	84	18	64
NORTH AMERICA				
Anchorage	15	59	11	52
Atlanta	22	72	10	50
Boston	16	61	9	48
Chicago	20	68	10	50
Denver	26	79	10	50
Detroit	18	64	7	45
Honolulu	27	81	22	72
Houston	27	81	21	70
Los Angeles	28	82	17	63
Miami	31	88	22	72
Minneapolis	21	70	12	54
Montreal	22	72	10	50
Nassau	34	93	27	81
New York	19	66	11	52
Phoenix	38	100	27	81
San Francisco	21	70	13	55
Seattle	25	77	13	55
Toronto	14	57	9	48
Washington	18	64	11	52

cl-cloudy; fe-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

TUESDAY'S FORECAST — CHANNEL: Slightly choppy. FRANKFURT: Showers. Temp. 14 — 9 (57 — 48). LONDON: Cloudy. Temp. 17 — 9 (63 — 48). MADRID: Stormy. Temp. 28 — 13 (84 — 55). NEW YORK: Fair. Temp. 19 — 13 (66 — 55). PARIS: Fair. Temp. 18 — 10 (64 — 50). ROME: Fair. Temp. 26 — 16 (79 — 61). TEL AVIV: Not available. ZURICH: Fair. Temp. 18 — 10 (64 — 50). BANGKOK: Showers. Temp. 32 — 24 (90 — 77). HONG KONG: Not available. MANILA: Cloudy. Temp. 33 — 23 (91 — 73). SEOUL: Partly Cloudy. Temp. 24 — 14 (75 — 57). SINGAPORE: Fair. Temp. 32 — 25 (90 — 77). TOKYO: Rain. Temp. 28 — 21 (82 — 70).

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Special Advisor
President of the United States' Private Sector Initiatives

Those who knew and loved him are asked to join his family in prayer and keep in their thoughts Glenn Souham, whose Masses will be held in Paris, Lausanne, New York, N.Y. and Washington D.C. on September 25th, 1990.

"You can be sure that Glenn's spirit of compassion, cooperation and commitment will long be remembered by all who knew him."
Ronald Reagan
President of the United States of America
The White House
Washington D.C. October 8, 1986.

هكذا من الأصل

Judging an Exhibit: Obscenity Trial Against Museum Opens

By Isabel Wilkerson
New York Times Service

CINCINNATI — An obscenity trial opened here Monday over an exhibition of photographs by Robert Mapplethorpe, the first time in the United States that a museum and its director have been tried for works they displayed.

The museum, the Contemporary Arts Center, and its director, Dennis Barrie, are charged with pandering obscenity and illegal use of a minor in the photography exhibition that ended a seven-week run here in May.

The trial, a test case for current standards on obscenity, is being held in Hamilton County Municipal Court. About two dozen witnesses are expected to testify, including some of the nation's leading museum directors.

[About 100 homosexual activists and censorship opponents demonstrated outside the courthouse as the trial started Monday, United Press International reported. A member of a group called Gay and Lesbian March Activists, Scott MacLarty, asserted that the indictments had been "motivated by homophobia." "We also have a history of gay-bashing here in Cincinnati," he said.]

"It is not just Mapplethorpe on trial or a highly distinguished museum and director on trial," said Martin Friedman, director of the Walker Art Center in Minneapolis, who is a former president of the Association of Art Museum Directors.

"The arts in America are on trial," he said. "It is an appalling situation that goes far beyond Cincinnati."

Experts in law and the arts say the case has far-reaching implications at a time when a furor over public financing of controversial art has threatened the existence of the National Endowment for the Arts. The debate, combined with the Mapplethorpe case, has already caused a self-censorship in the arts, many say.

In the end, the experts say, the Mapplethorpe case will either affirm the constitutional protection to which art has been entitled or will force a legal redefinition of obscenity.

Richard Emery, a New York lawyer who specializes in First Amendment cases, said: "The questions are: 'Can you select certain works from exhibit and say they are obscene; can a plainly artistic exhibit be seen as obscene, and how far do community standards go?' "

At issue are 7 of the 175 photographs of mostly nudes, lilies and graphic sexual poses in the Mapplethorpe retrospective, which has traveled from Berkeley, California, to Boston without incident, except in Cincinnati.

Five of the photographs are the basis for the obscenity case: One shows a man urinating into the mouth of a man kneeling before him; the others show anal and penile penetration with unusual objects.

The 5 photographs were part of what is known as the X Portfolio, a series of 13 photographs taken in the late 1970s and displayed last spring at the Contemporary Arts Center in a gallery separate from Mr. Mapplethorpe's pictures of calla lilies and celebrities.

Two other photographs are the basis for charges of illegal use of a minor: one of a nude boy perched on a chair and the second of a toddler with her dress raised and genitals exposed. Experts on art and the law say that these charges will be more difficult to defend than the obscenity charges because they do not challenge the protection of the works under the First Amendment but rather the possible misuse of the children depicted.

But the question eventually confronting the jurors is what is art and what is obscenity?

To meet the definition for obscenity established by the U.S. Supreme Court in Miller v. California in 1973, a work must meet three criteria: "whether 'the average person, applying contemporary community standards' would find the work taken as a whole, appeals to prurient interest; whether the work depicts or describes, in a patently offensive way, sexual conduct specifically defined by the applicable state law; and whether the work, taken as a whole, lacks serious literary, artistic, political or scientific value."

First Amendment experts say the photographs meet the test for protection because they have artistic value by virtue of their having been produced by a recognized artist and having been displayed in major museums.

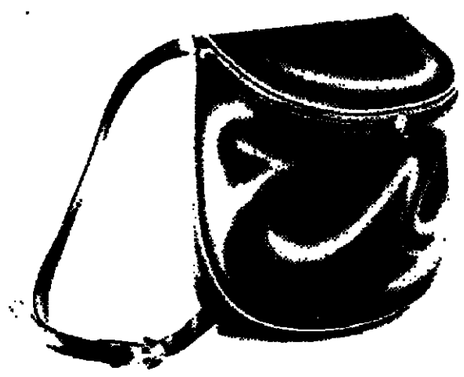
But prosecutors and opponents of the exhibition say the images violated the "community standards" of a city that is among the most sexually restrictive in the country. Cincinnati has no adult bookstores, no X-rated theaters, no peep shows and no massage parlors. Residents cannot buy hard-core sex magazines or X-rated videos in the city.

If convicted, the museum faces up to $10,000 in fines, and Mr. Barrie faces up to a year in jail and a $2,000 fine.

Judge David F. Albanese of Hamilton County Municipal Court has restricted testimony to the seven disputed photographs.

At issue was the Supreme Court's phrase "work as a whole," which the defense argued meant the entire Mapplethorpe retrospective, but which the prosecution and Judge Albanese interpreted as a single photograph.

The defense says the ruling isolates the most troubling works and magnifies them out of context.



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New York's Roads Going From Bad to Gridlock

By Andrew L. Yarrow
New York Times Service

NEW YORK — Roads and bridges have deteriorated across the United States because of a failure to invest in maintenance in the last 10 to 15 years, and in New York things are only going to get worse.

Long-overdue repairs have closed lanes on dozens of bridges and highways, creating some of the worst traffic jams in recent years, commonplace even at midday, and making it a gamble to drive into New York or across the region.

If traffic seems bad now, transportation officials said, it is likely to get worse — possibly much worse — in coming years as the widespread repairs continue.

"We're repairing everything at once, because they all need it," said Lucius J. Riccio, the city's transportation commissioner. "But it will get worse before it gets better."

And in New York, many of the region's arteries are among the nation's oldest and were not designed for the number of cars or the size of trucks that now use them.

The work is under way at once in the city, on Long Island and in Westchester, Connecticut and New Jersey in an effort to overcome the decades of neglect.

After a generation of little maintenance or expansion, many of the region's 75,000 miles of roads and 11,500 bridges are antiquated and deteriorating.

But officials said they had barely half the money needed just to maintain roads and mass transit and that building new highways and bridges to ease automobile travel was virtually impossible.

All told, about $10 billion will be spent in the region in the next five years, if current levels of federal, state and local financing can be maintained. Nearly half of that will be spent in New York City.

Federal, state and city budget problems, however, could reduce transportation spending. As for building more roads and bridges, officials said little was likely.

Not only is there no money for new roads, they said, but acquiring land and rights-of-way in densely populated areas is nearly impossible, and new construction, in any case, would send the wrong message by encouraging driving.

"We won't build more vehicle tunnels into Manhattan, because there's no room for more vehicles in Manhattan," said Anthony J. Barber, the director of tunnels, bridges and terminals for the Port Authority of New York and New Jersey.

Despite one of the nation's most extensive mass-transit networks and relatively slow population growth, traffic in the New York region expanded hugely in the 1980s, largely by more commuting from one suburb to another, rather than to and from New York City.

Nine million vehicles now travel 100 billion miles a year in the region. Those numbers are expected to grow by nearly half in the next 25 years, according to an estimate by the Bi-State Transportation Forum, which represents the six major transportation agencies in New York and New Jersey.

Meanwhile, mass-transit use has declined, and there is little political will to discourage driving through such methods as higher gasoline taxes and tolls.

Subway ridership hovered around one billion a year throughout the last decade, and fell by 3.4 percent in the first six months of this year. Bus ridership in New York City declined about 20 percent in the 1980s. After several years of growth, ridership on the region's commuter railroads has fallen in the last few years.

From 1981 to 1989, the number of cars registered in New York City alone rose to 2,035,000, from 1,471,000, and vehicle traffic in Manhattan increased by 18 percent. Every day, more than one million vehicles enter Manhattan.

Census Miscounted, 1 in 7 Cities, Towns and Counties Assert

By Felicity Barringer
New York Times Service

WASHINGTON — One-seventh of all the towns, counties and cities in the United States, and all of its 51 largest cities, have challenged the Census Bureau's counts of their housing units in the hope of increasing their population figures.

Given this last opportunity to challenge the bureau's preliminary figures before the housing and population counts become final Dec. 31, more than 6,000 jurisdictions have filed objections.

About 500,000 housing units, half of them in New York City, may have been overlooked, according to figures provided by the 15 largest cities.

The Census Bureau said it could not yet provide a figure for the number of missing units claimed by thousands of communities.

It is estimated the combined claims of just the 15 largest cities represent about 1.2 million people, which would make a big difference to some of the cities but would have a slight impact on the nation's overall population figure.

If all the challenges are accepted, something seen as unlikely, that would increase the preliminary population count of 245.8 million people by about 0.5 percent.

The stakes are high. The finishing touches are soon to be put on the population counts that will determine each jurisdiction's share of political power in the next Congress.

In addition, billions of dollars of federal and state aid are apportioned based on population through more than 400 programs for transportation, health, education, housing and community development projects.

There are other things at stake, too.

If Detroit's preliminary population count of 970,000 fails to rise above one million, the city will lose, at least temporarily, some of its taxing authority.

Detroit claims 5.1 percent of its housing units went uncounted, and if half of the city's claims are upheld, the population count is likely to rise above one million.

New York City's claim of a quarter-million missed dwellings, 8 percent of the housing stock listed by the census, was the biggest challenge.

After New York, Chicago challenged the largest number of units, claiming nearly 70,000 dwellings were missed, a discrepancy that would mean census figures were low by 6 percent.

Before 1980, municipalities had virtually no contribution to refining the population count until after the numbers were final.

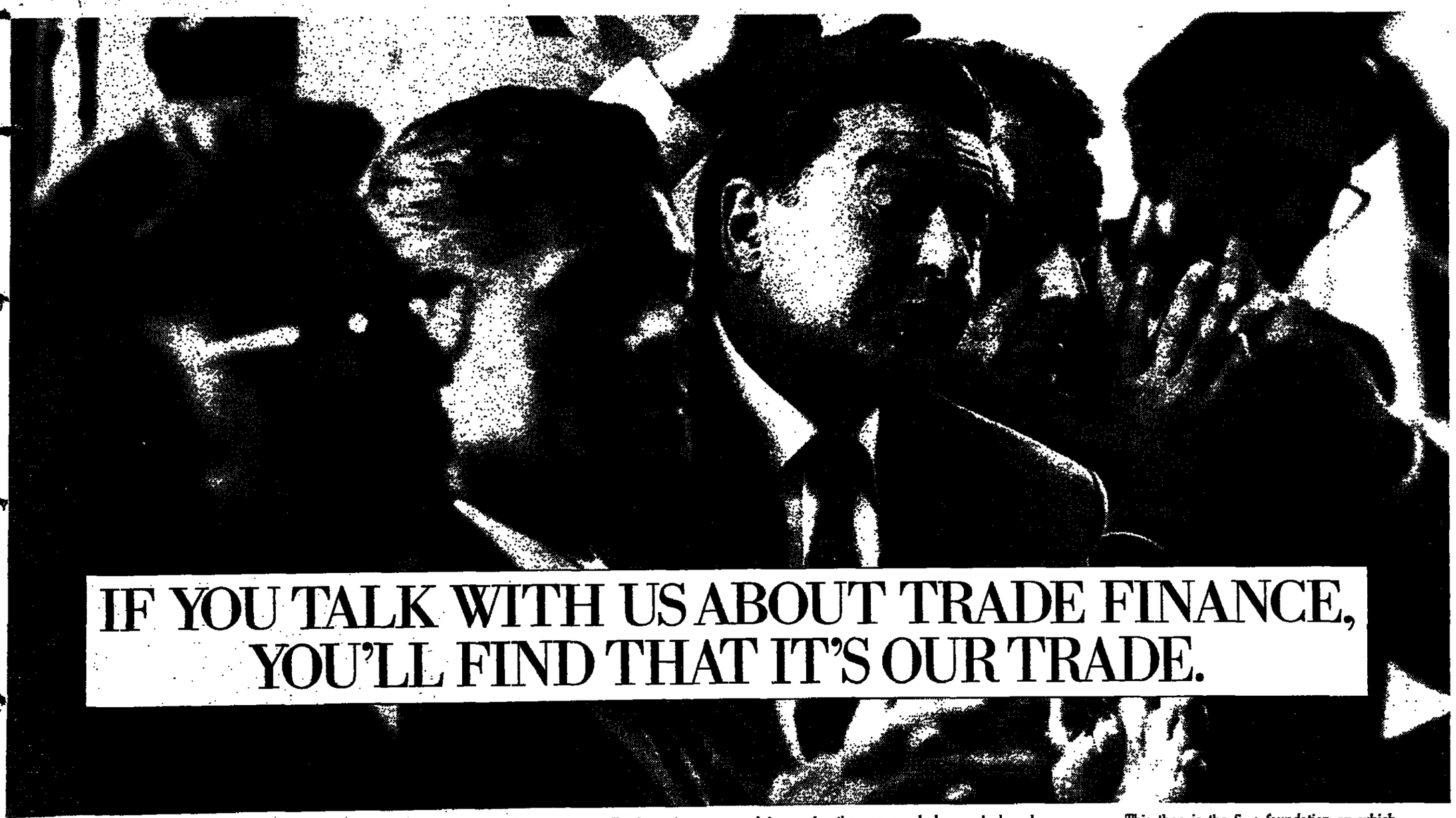
But for the census that year a fledgling version of the review process was instituted, and it was greatly expanded this year.

The cities were not alone in taking this last chance to increase census counts. Thousands of smaller towns and cities filed papers arguing that houses or people had been left out.

At least 6,260 of the 8,098 jurisdictions that responded to the census said they had been shortchanged, although only 5,102 challenges were filed in a form acceptable to the bureau, making it unlikely they will be reviewed.

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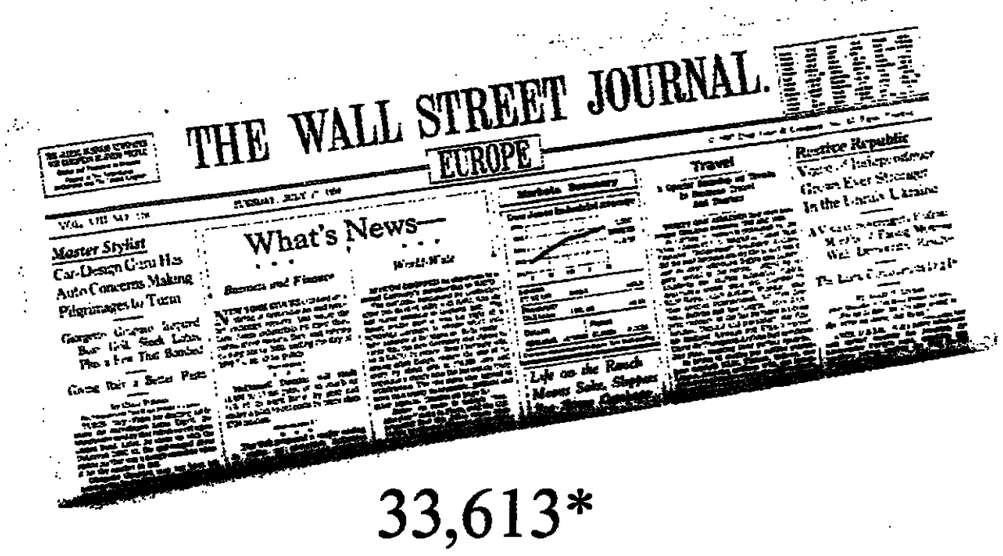
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Spaniard Proposes A Forum

Mediterranean Is the Focus

The Associated Press

PALMA DE MAJORCA, Spain — The Conference on Security and Cooperation in Europe opened Monday with calls for creation of a forum aimed at reducing tensions between countries on the Mediterranean's north and south rims.

In his inaugural speech for the meeting, King Juan Carlos I of Spain urged representatives from the conference's 33 European nations, the United States and Canada, as well as eight Mediterranean observer countries, to work together to avoid further damage to the polluted Mediterranean.

The Mediterranean is widely damaged by sewage, oil spills and industrial waste. The pollution has killed marine animals and driven away tourists from resorts like Palma, on the Spanish island of Majorca.

The king also voiced support for an Italian-Spanish plan to unite four European Community members and five North African countries in a Conference on Security and Cooperation in the Mediterranean.

"If we are faithful to the Mediterranean spirit," he said, "we will be capable of building ourselves a common living space that serves as an example for the reconstruction of a healthier, more united and more peaceful world."

Foreign Ministers Francisco Fernández Ordóñez of Spain and Gianni De Michelis of Italy presented the project to delegates from Europe, seven Arab nations and Israel.

It calls for the EC to devote one-quarter of 1 percent of its gross national product to fostering economic growth on the Mediterranean's southern rim in exchange for a reduced flow of immigrants from North Africa to Europe.

The four Mediterranean European countries — Spain, Italy, France and Portugal — fear large-scale immigration if the economies of their southern neighbors remain underdeveloped. The southern members of the new forum would be Morocco, Algeria, Tunisia, Libya and Mauritania.

The forum would seek to reduce tensions by establishing a permanent link to exchange information on military maneuvers and other defense issues.

Spain and Italy, which presently holds the EC's six-month rotating presidency, presented an outline of the project to the 12-member group last week in Brussels.

Cranston To Oppose Judge Souter

The Associated Press

WASHINGTON — Senator Alan Cranston, the second-ranking member of the Senate Democratic leadership, announced Monday that he would vote against the confirmation of Judge David H. Souter because President George Bush's nominee for the Supreme Court refuses to back abortion rights.

In doing so, Senator Cranston, the Senate Democratic whip from California, became the first senator to make public his intention to vote against Judge Souter.

"I will vote 'no' because Judge Souter will not reveal his views on a fundamental constitutional issue — the right of privacy," Senator Cranston said in a floor speech.

The statement was made as the Senate Judiciary Committee prepared to vote on President George Bush's selection for the court. This could occur as early as Thursday.

A vote by the full Senate is likely soon after that, perhaps in time for Judge Souter to take a seat when the Supreme Court returns to the bench Oct. 1. Many senators have said he will probably be confirmed.

Senator Cranston had stated his intention Sunday, saying: "I cannot support a nominee who refuses to acknowledge that a woman's right to choose to terminate a pregnancy is a fundamental right or that the right of individuals, married or unmarried, to use contraceptives to prevent a pregnancy, is a matter of settled law."

On Friday, the National Association for the Advancement of Colored People, the nation's oldest and largest civil rights organization, urged the Senate to reject the nomination. It said he had "failed to articulate that level of concern for fairness, equality and justice for all citizens that should be present in any individual taking a seat on the court."

French Police Arrest Top Basque Guerrilla

Reuters

MADRID — French policemen have arrested the man suspected of being the top guerrilla leader of the Basque separatist movement ETA in an operation planned by French and Spanish security forces.

The Interior Ministry said the suspect, José Javier Zabaleta Elosegui, was seized in the southern French resort of Biarritz, near the Spanish border. Mr. Zabaleta, 39, is said to be one of the main leaders of ETA and a commander of its armed groups.

Who Pays for Unification? How Much? Kohl Marks Time on Answers

By Ferdinand Protzman
New York Times Service

BONN — For most Germans, the burning questions of unification center on money. From Chancellor Helmut Kohl down to Otto Normalverbraucher — the average German consumer — they are wondering what will it cost, who is going to pay for it, and how.

With formal unification taking place on Oct. 3, exact answers to such questions remain elusive. The ultimate economic cost could be more than a trillion dollars over the next decade, according to government officials and economists, who concede that their projections are at best educated guesses.

There is no question about why the money is needed. With unity, the West takes on full financial responsibility for the East. It will have to pay for the government, the civil service administration, the social system, the national health system, the military and the national debt.

At the same time, Bonn must also provide funds for reconstruction of East Germany's crumbling structure and antiquated industries. Factories, roads, railroads, airports, sea and inland ports, canals and waterways, as well as schools, public buildings and public housing must all be rebuilt, in many cases from the ground up, if they are to approach Western standards within the 5 to 10 years that many experts project.

In the process, as existing East German industries continue to shrink and close, unable to compete in the new environment, the cost of social services and unemployment benefits is certain to keep rising.

In addition, Bonn has committed the equivalent of about $10 billion to Moscow to provide housing in the Soviet Union for the Soviet troops being withdrawn from East Germany. And to win Soviet approval for unification, the Kohl government promised that it would continue to supply the East German goods that the Soviet Union relies on, at a cost of millions more dollars.

Where all this money will come from is a subject of heated debate. Mr. Kohl's center-right coalition government is relying heavily on the private sector and insisting that no tax increases will be necessary. To cover the cost of unification, the West German finance minister, Theo Waigel, is allowing the federal budget deficit to swell to levels never seen before, and he is tapping the nation's capital markets to fill the gap.

One thing is certain: there is plenty of money. West Germany is one of the richest nations in the world, with a booming export-powered economy that has steadily grown since Mr. Kohl became chancellor in 1982.

Its industries are modern and efficient, its private banks are among the most powerful in Europe and, under the watchful eye of the Bundesbank, the West German central bank, the mark has become the No. 2 currency held in reserve by national banks around the world, after the dollar. West Germans also have the second-highest personal savings rate in the world, trailing only the Japanese.

> **'How are we supposed to plan for the cost of unity if the government won't even estimate the cost?'**
>
> **Wolfgang Roth, spokesman for the Social Democrats**

East Germany is just the opposite. Although hile not destitute, it is in a dizzying economic decline. Government and industry are saddled with debts left by 40 years of communist central planning and corruption.

The West German labor minister, Norbert Blum, describes its industry and structure as "socialist scrap" that will have to be rebuilt virtually from scratch. Economists estimate that of the East's 8,000 industrial companies, fewer than a fourth are likely to survive in the free market of a unified Germany.

Like many German officials, Mr. Blum has now retreated from earlier predictions of rapid recovery in East Germany, the sort of "new economic miracle" that would rival West Germany's reconstruction after World War II.

"Miracles are only in fairy tales, and there they happen overnight," Mr. Blum said recently in an interview with Der Spiegel, the weekly magazine. "In reality, it's going to take rather more time."

But in terms of stemming the growth of social problems, time is limited. Unemployment is surging, and it is projected that nearly half of the 8.9 million people in the East German work force could be out of work by the end of the year. That has raised concern in the West that restless and dispossessed Easterners will be moving westward in search of jobs and better lives.

The opposition Social Democratic Party accuses the Kohl government of lacking an effective policy to create work for unemployed East Germans. It also wants the government to at least estimate a lump-sum total for unity's cost.

"How are we supposed to plan for the cost of unity if the government won't even estimate the cost?" asked Wolfgang Roth, the economic spokesman for the Social Democrats.

To pay the cost, Mr. Waigel, the finance minister, has offered a strategy to cut government spending. He favors, among other measures, an end to subsidies to areas like West Berlin, where tax breaks, incentives and other subsidies total $13 billion a year.

He denies that new taxes are in the offing. "We have no new, additional plans for taxes," he said.

Such assurances have so far not proved very convincing. A recent opinion poll showed that 84 percent of West Germans say they believe the cost of unity will come in the form of higher taxes.

So far, the private sector has shown limited willingness to invest heavily in East Germany. In explaining their reluctance, executives have cited uncertainties about property ownership and the continuing presence of a cumbersome bureaucracy maintained to a large extent by former Communists often incapable or unwilling to adapt to new conditions.

Western companies are also unwilling to take on the dauntingly expensive task of cleaning up pollution caused by Eastern industries and bringing their installations to Western standards.

Bonn is eager for foreign companies to become involved in rebuilding East Germany and, as Mr. Waigel says, "we have stressed that everything taking place here is happening within a European and international framework."

But even without such intervention the cost of unifying will spread beyond German borders to strain the international financial system. In recent years, West Germany has been a capital exporter, investing the funds gained by exports in the United States and other European nations. Those flows will drop dramatically, officials concede.



Birgen Schwarz/Reuters

An East German officer helping a soldier adjust his new West German battle dress.

East Germany Leaves Soviet Military Alliance

Compiled by Our Staff From Dispatches

BERLIN — East Germany formally left the Warsaw Pact on Monday in preparation for reunification with West Germany and membership in NATO.

A protocol on the withdrawal of East German troops from the Warsaw Treaty Organization was signed in East Berlin by the East German defense minister, Rainer Eppelmann, and the Warsaw Pact commander-in-chief, General Pyotr Lushev of the Soviet Union, the official press agency ADN said.

The two Germanys will unite on Oct. 3 and the reunified country will be a member of the North Atlantic Treaty Organization.

The Soviet Union lifted its objections to NATO membership for a united Germany in July, clearing a major obstacle to reunification.

The Warsaw Pact was created in May 1955. It now includes Bulgaria, Poland, Romania, the Soviet Union, Czechoslovakia and Hungary. The military high command has always been in Soviet hands.

Total East German forces were estimated at 170,000 before the Communist government was deposed last fall, but their numbers have dwindled to less than 100,000.

The National People's Army will officially cease to exist at reunification. About 50,000 of its soldiers will be incorporated into the new German Bundeswehr, whose strength must be reduced to 370,000 troops over the next four years, a concession to Soviet demands.

Soviet spokesmen have stressed that Moscow would like the pact to evolve into a political alliance. Discord within the Warsaw Pact has been increasing as its members seek to set their own military policies.

In another development, a leader of the East German Green Party admitted that he had spied on the movement for years for the Communist security police, the Stasi. Henry Schramm, a member of the Greens' executive and a candidate for German elections in December, resigned from the movement.

(AP, AFP, Reuters)

Jewish Group Presses Germans on Nazi Past

International Herald Tribune

A Jewish delegation urged the Bonn government on Monday to include in the treaty of Germany political union a frank acknowledgment of German responsibility for the persecution and massacre of Jews from 1933 to 1945.

The delegation from the European Jewish Congress told Lutz G. Stavenhagen, deputy state minister in the office of Chancellor Helmut Kohl, that it was not happy with a vague formula that does not specifically mention what happened to the Jews.

Mr. Stavenhagen said in a recent letter to the Central Jewish Council in Germany that demands for a reference to the events of 1933-45 had been taken into account in the preamble of the treaty, in the following terms:

"Conscious of the continuity of German history and recalling the particular responsibility which we inherited from our past, binding us to work towards the democratic development of Germany while remaining dedicated to the respect of human rights and of peace."

A spokesman for the European Jewish Congress in Paris said the proposed wording was inadequate and disappointing.

In a letter to Mr. Kohl, the congress expressed its "great concern" that the treaty does not refer more precisely to the events of 1933-45, and asked that "a clear reference be made, in the founding charter of the new Germany, to the crimes committed against humanity during this period."

From Rebel to Party Leader

Leftist Feminist Heads New Political Force in Venezuela

By James Brooke
New York Times Service

CARACAS — Argelia Laya's disillusionment with armed struggle came one day in the mid-1960s when a fellow guerrilla commander asked her to send "nine women guerrillas" to his battlefront.

"I said, 'What kind of women guerrillas — explosives experts, propaganda experts, organizers?,'" she recalled of her days with the National Liberation Front. "He said, 'Just send us some girls.'"

Now 25 years later, Ms. Laya's guerrilla clothes are long folded away, along with her dreams of building communism in the Caribbean. But never far from the limelight of Venezuela's shifting left, Ms. Laya, now a feminist and a member of Congress, has just been elected president of the nation's leftist party, Movement Toward Socialism.

In December, the party's bright orange banners attracted hundreds of thousands of new voters alienated by a long-running duet between Venezuela's traditional parties, the Social Christian Party, or Copei, and Democratic Action, the governing party. Almost a quarter of the votes in the gubernatorial elections went to the Movement Toward Socialism, placing the party for the first time in competition with Copei to become Venezuela's second political force.

In a political landscape long dominated by Latin men in leisure suits, Miss Laya, a white-haired African-Latino, stands out in her vaguely African mmmmm. She is the first black and first woman to lead a political party in Venezuela.

"When I was young, my father and mother taught me never to allow people to discriminate against me, not for being black, not for being a woman," Ms. Laya, 64, now a great-grandmother, recalled in Caracas at the party headquarters.

In Ms. Laya's party biography, a black-and-white photo section illustrates her political trajectory, a pilgrimage that could have been followed by any of thousands of Latin American leftists.

Turning the pages, one finds Argelia leading a teachers union in the 1950s; Argelia visiting a toy factory near Peking in 1959; Argelia toting a gun and backpack with guerrillas in Lara State, Venezuela, in 1965, and Argelia bearing a flower garland in Moscow in 1969. The only travel photos missing are of frequent, clandestine visits made in the 1960s to Cuba.

"We were profoundly influenced by the Cuban revolution," she said of her days as a Communist revolutionary. But in joining the guerrillas, she left her three children in the care of her mother rather than accept a party offer to send them to Cuba for schooling.

During five years with the guerrillas, she said, she gradually became disillusioned by "the generalized machismo of these revolutionaries who said they had such great ideals."

"The struggle for political and military power got mixed up with the struggle for passion," Ms. Laya said.

In 1970, Ms. Laya gave up a 20-year militancy in the Communist Party of Venezuela and, with other former guerrillas, founded the Movement Toward Socialism.

"I no longer think that the armed struggle is the way for our people," she said. "With MAS, we are seeking social justice through democracy."

For many militants in Venezuela, the break with the Communists came over the Soviet invasion of Czechoslovakia in 1968. The party has won supporters by attacking social problems on the local level and by denouncing corruption on the national level.

Early anti-American oratory has been softened because of two factors. In 1975, the government nationalized foreign oil companies operating in Venezuela.

And with the economic boom, Venezuelans' contact with Americans mushroomed. Today, there are four daily flights between Caracas and Miami.

As president of what may become the nation's second political force, she is winning new acceptance and audiences.

Last week, a newspaper column that chronicles the daily goings-on at the presidential palace included a brief item that Argelia Laya, president of the Movement Toward Socialism, had breakfast at the palace with the president.

In a twist of political fate, Carlos Andrés Pérez, president of Venezuela, is the same man who as interior minister in the 1960s pursued Argelia Laya the guerrilla.

"When I first met him, in 1974, I said, 'Ha-ha, you never grabbed me,'" she said with a laugh.

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OPINION

United Nations, Seriously

In a wondrous sea change, the United Nations has silenced most of its detractors. A body once scorned as a dithering talk shop has now mobilized impressively to punish Iraq's aggressions in the Gulf. Elsewhere, from Afghanistan to Namibia, from Cambodia to Central America, the United Nations has also offered a glimpse of President George Bush's hopes for a new world order to resolve conflicts by multilateral diplomacy and collective security.

Yet with all that promise, the member states still do not take the United Nations seriously in tending to its finances and administration and in the choice of its leaders.

For Americans, the rudimentary first step is financial. The United States has yet to pay its current annual dues of $231 million plus its $220 million in unpaid past dues. Prime responsibility for ending this shaming delinquency rests with the Senate; the House has already approved President Bush's request for UN funding. If Congress defaulted on this moral and legal obligation, it would undercut America's new hope for the world organization.

But taking the United Nations seriously is more than a matter of money. It requires a hard, fresh look at an administrative jungle that strangles initiative and indulges incompetence. A good starting point is a critical report by two former senior UN officials, Brian Urquhart and Erskine Childers. *(See Mr. Urquhart's article on this page today.)* They deplore the absence of an overall cabinet to monitor a sprawl of largely autonomous special agencies. And they rightly pay special attention to the haphazard methods of filling leadership posts.

A notorious case was the Security Council's designation of Kurt Waldheim as secretary-general in 1971. The report ascribes his choice to "inadequate high-level consultation, opportunism, gossip, rumor, intrigue and a complete absence of record-checking." Thus the Austrian, who was later accused of war crimes, served two five-year terms and might have filled a third if China had not objected.

The United Nations was luckier in Mr. Waldheim's successor, Javier Pérez de Cuéllar, an able Peruvian diplomat. Yet his choice was the result of old-boy networking, bloc politics and frantic improvisation. This is no way to fill the job when he completes his second term next year.

The new report argues cogently for a single seven-year term, and for designation of three deputy secretary-generals. The stature and skill of those who fill these positions is critical. No change in the charter is required, only a change in outlook.

It is not written in stone that the secretary-general must be a diplomat, or male. Why not a former national leader, or an executive with proven skills in managing a multinational enterprise? An agreed-upon timetable for preparing a short list of highly qualified candidates would begin to show that the United Nations finally has begun to take itself seriously.

— THE NEW YORK TIMES.

After the Foreign Money

For a decade, Americans have been living on a great wave of borrowed money. It has been possible only because foreigners have been willing to lend enormous amounts to them — more than $800 billion since 1982, when it began. There are now clear signs that the rest of the world is becoming less willing to continue lending on this lavish scale. That gives a new urgency to the struggle to get the federal budget deficit down.

The deficit is on a rising trajectory. Even if the negotiators huddled at Andrews Air Force Base manage to cut some spending and raise some taxes, next year's deficit is likely to be about the same as this year's — well over $200 billion. The Treasury will keep the government running by going to the markets and borrowing that $200 billion-plus out of the pool of capital that also finances all private investment — housing, and every kind of business expansion. This pool of capital is fed by Americans' savings, as well as by the inflow of foreign money. Because Americans are notoriously poor savers, their economy has become crucially dependent on the money from abroad.

Unfortunately for America, a lot of that money is currently being attracted elsewhere. The development of Eastern neighbors has seized the attention of Western Europe. The huge drop in the stock market in Japan has induced large institutions there to call some of their foreign investments home to buttress their accounts. Changes in the international flows are reflected in the currency exchange rates, and the recent fall of the dollar signals a decline in the accustomed stream of money coming into the United States.

If President George Bush and Congress make little progress in reducing the government's borrowing, the whole impact of a shrinking capital pool will fall on private business. That means higher interest rates and lower investment. Private investment has been falling for several years, in proportion to the size of the economy. That helps explain some of America's troubles in meeting world competition.

If the Bush administration and Congress want to restore American investment to a healthy level without depending on foreign money, they will have to be far more radical than anyone who runs for office has yet hinted. They will have to turn the budget deficit into a surplus, to compensate for the dangerously low rate of private savings among this generation of Americans. Foreign money helped hold up investment in the 1980s, but it looks as though that is not going to last forever.

— THE WASHINGTON POST.

Tell It to Islamabad

Pakistan's democracy is in peril. Its demise threatens relations with Washington, already strained by Islamabad's pursuit of nuclear weapons. A half-billion dollars in U.S. aid is at stake. In such circumstances, the highest obligation of American diplomacy is to speak plainly. The grim example of Iraq demonstrates how failure to convey diplomatic concerns bluntly might encourage disastrous miscalculations.

Robert Oakley, the U.S. ambassador to Pakistan, provoked angry criticism in Islamabad when, in a Washington speech, he warned against politically selective prosecutions for corruption. The issue cuts to the core of Pakistan's present crisis.

Early last month, urged on by military leaders, President Ghulam Ishaq Khan dismissed Benazir Bhutto as prime minister, accusing her and her party of grave acts of corruption. But six weeks of investigations have produced little solid evidence, as the new government itself acknowledges. Increasingly the affair has come to look like a crude political ploy: a democratic government ousted by undemocratic means, and now threatened with judicial disqualification of candidates.

The Bhutto administration was something less than a civics-text model of disinterested government. But in patronage matters it appears to have been no worse, or better, than its predecessors. Five years ago, Mohammad Zia ul-Haq, the military strongman, dismissed his prime minister, charging the same abuses. Yet officials from the old regime have not been investigated. Indeed, some now serve in the new caretaker cabinet. Mr. Oakley rightly questioned this selective prosecution.

It is not for Americans to take sides in Pakistan's internal politics. Neither the future of democracy in Pakistan nor its friendship with the United States depends on the political fortunes of Benazir Bhutto. But both do depend on scrupulous regard for the ground rules of democratic practice — governments that survive or fall according to the will of the electorate or its representatives; elections in which all political figures can participate on an equal basis; uniform treatment under the law without regard to political affiliation. If Pakistan's generals are now tempted to traduce those ground rules, as they have too many times in the past, they need to know that Washington is paying close and worried attention. Ambassador Oakley was right to register that.

— THE NEW YORK TIMES.

Other Comment

Keep the Pressure on Inflation

Thanks to the near-doubling of the oil price arranged by Saddam Hussein, the next 12 months will be disappointing, at best. Many countries, including America, face recession. The main economic victims of Mr. Hussein will be in Eastern Europe and the parts of the Third World that do not produce oil. The direct effects of dearer oil will be stronger than in the industrial world; and since most of their governments are struggling to win consent for painful economic reforms, the indirect effects could be devastating. Only in the rich countries will it take a good deal of incompetence to arrange a really nasty slump from the materials at hand.

The key to the IMF's rather reassuring outlook is what its economists call "unchanged policies." What they mean is that central banks should not accommodate extra pressure on prices by expanding money supplies. But that, in turn, implies higher interest rates. Some American officials see the rise in oil prices, and the increased likelihood of a recession, as one more reason why the Federal Reserve needs to relax its grip on inflation and cut interest rates. [But] dearer oil is one more reason why the Fed must not flinch from getting inflation down. The best way for Congress and the administration to help in that task is to end their long stalemate on the budget and announce a substantial package of spending cuts and revenue increases. If the package is credible — a big if, after years of fudge and fraud — this would allow the Fed some room to cut interest rates.

Other governments, too, have budget deficits that are too large. Every reduction that can be made in the public sector's drain on the pool of international savings makes it easier to combine lower interest rates with downward pressure on inflation.

— The Economist (London).

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Leaders for an Effective United Nations

By Brian Urquhart

NEW YORK — In the aftermath of the Cold War, a resurgence of ethnic and nationalistic drives and a reshaping of the patterns of power and influence have greatly increased the importance of the United Nations.

The turbulent world of 1990 bears little resemblance to the world of 1945, when the world organization was set up. The way in which the UN system does business will therefore need to be changed. Foremost, we need to reconsider how its leaders are selected at such a demanding time.

In its primary field, the maintenance of international peace and security, the world organization has already begun to function more effectively — in Afghanistan, the Iran-Iraq war, Namibia, Central America and Cambodia. The current crisis over Iraq's annexation of Kuwait is testing the authority of a Security Council that is no longer split by two veto-wielding superpowers. The current crisis is also the first full-scale test of collective security through the United Nations.

It used to be said that serious questions of international peace and security were beyond the capacity of the United Nations, and that its main practical usefulness therefore lay in the economic and social field. It now looks as if that always questionable judgment is being stood on its head.

Today the United Nations faces two main tasks: to combine peacekeeping, peacemaking and collective action into a reliable international system; and to deal with the great problems of global interdependence. The first of these tasks is now beginning to look rather more straightforward than the second, which depends to a great extent on leadership.

The secretary-general is now recognized as an indispensable figure in the maintenance of peace and the resolution of conflict. Javier Pérez de Cuéllar has been performing with great skill in this field. However, his place and authority in the second broad task of the United Nations, global socioeconomic issues, are still far from clear.

The UN system consists of a central political organization and a galaxy of specialized agencies and programs. The system was designed in 1945 for a world in which problems were comfortably divided into specialized compartments. It is now clear that the global problems and emergencies of our time demand a different approach and, in all probability, a different sort of leadership.

The secretary-general is only first among equals of the heads of the United Nations' 30 autonomous agencies: WHO, Unesco, Unicef and others. He does not have the authority either to coordinate their work or to demand the vigorous intellectual analysis of great problems that should animate the activities of the UN system.

To manage vast problems such as global warming, refugees, overpopulation, environmental damage and the eradication of hunger and disease requires both the bringing together of divergent interests and the generation of ideas large and practical enough to work. Such ideas, if they are to be effective, must also be presented powerfully and persuasively to the public.

Until now the process of selecting senior officials of the UN system has been haphazard at best. It is surprising, therefore, that the results, on the whole, have been as good as they have been. But change is urgently needed, as emerged clearly in a recent study, "A World in Need of Leadership: Tomorrow's United Nations." Without the paralyzing constrictions of the Cold War, a greatly improved process is possible.

First, the secretary-general and the other executive leaders should serve only a single, seven-year term. They would thus have time to undertake important initiatives. They would be better able to resist political pressures from member governments. There would be less risk of exhaustion or staleness, and the search for the best leaders would not be sidetracked by constant reappointments.

Second, governments must institute a systematic worldwide search for the best possible candidates, including men and women equally. (Until now, no woman has been seriously considered for the post of secretary-general. Of the 136 executive heads of specialized agencies and programs appointed since 1946, only one has been a woman.)

Third, member governments should, in selecting future leaders, give far greater attention to the nature of the jobs to be done and the qualifications needed to do them.

Fourth, the practice of individuals campaigning for the secretary-generalship and other leadership posts should cease. At present this practice confuses and destabilizes an already defective selection process.

The appointed leaders of international organizations are, of course, only a part of the leadership necessary to chart a course for the next century. To achieve results they must work with national and nongovernmental leaders. But if the governments and people of the world are to get what they need from international organizations, they must be more attentive to the selection of leaders. Given the high stakes — the very survival of humanity in reasonable conditions — it is time to make the international system work.

The writer, scholar-in-residence at the Ford Foundation, is a former UN undersecretary-general for special political affairs. He contributed this comment to The New York Times.

Saddam: An Enemy the World Should Defeat Now

By Jim Hoagland

This is the second of two articles.

WASHINGTON — Means shape ends. The partial defeat and vengeful settlement inflicted on Germany after World War I led to World War II. The next time defeat was total and the settlement magnanimous, leading to a democratic and soon reunited Germany.

President George Bush bears this lesson in mind when he draws a distinction between the people of Iraq and its dictatorial regime. His strategic planners must make Mr. Bush's rhetorical distinction a real one by minimizing the physical damage that U.S. military action will do to Iraq's already brutalized and downtrodden civilian population. U.S. planning must emphasize the Iraqi people's liberation, not its destruction.

Mr. Bush must rely on three blunt instruments to accomplish the aims of Operation Desert Shield: economic sanctions, air superiority and the Arab units that have joined this American-led endeavor. Critics rightly point to past failures by each of these. But a combination of the three can succeed against Saddam Hussein's military machine.

The need not to create support for Saddam inside Iraq is one reason the international economic sanctions campaign will not be pursued to the point of massive starvation there. It has been useful to Mr. Bush to portray sanctions as the primary alternative to war. This gives America's allies and other nations a powerful incentive to make the sanctions effective and thereby postpone military action. Sanctions help purchase solidarity.

But they are prelude, not alternative, to war if Saddam Hussein continues to refuse to withdraw from Kuwait. Sanctions soften up Iraq's war machine. They also demonstrate to the population how united the world is in opposing the invasion of Kuwait. But the utility of sanctions may be at its apex.

"Sanctions were conceived in piety as a bloodless substitute for war," Robin Renwick, a senior British diplomat, wrote nearly a decade ago in the most balanced study of the subject I know. "Their main effect, however, has invariably been punitive" rather than remedial. "They may weaken the target regime; but they will not necessarily change its behavior," concludes Mr. Renwick's Harvard University study, entitled "Economic Sanctions."

Strategic bombing also failed to break civilian morale and to produce political capitulation in past wars. But Saddam's Iraq has nothing to do with Hitler's Germany or Ho Chi Minh's Vietnam. As ludicrous as it sounds, he lacks the claim to political legitimacy and popular support that Hitler's and Ho's people gave them. A better analogy is Libya and Moammar Gadhafi.

Saddam Hussein has attempted to exterminate the Kurdish tribesmen who make up 20 percent of Iraq's 17 million people. He has tortured and assassinated the religious leaders of the country's Shiite Muslims — 50 percent of the population. His Takriti clan has abused the Sunni Arabs as well. A bombing campaign that shatters his military and secret police apparatus can succeed without necessarily stirring resentment among Iraqis.

Despite expert predictions to the contrary, there was no great outpouring of Arab or even Libyan rage after U.S. warplanes raided Tripoli in April 1986. In the Iraqi conflict, the U.S. Navy will be able to use its highly accurate conventionally armed Tomahawk cruise missiles, which were held out of the Libya operation because the then chief of staff, Admiral William Crowe, feared exposing operational details to a still openly hostile Soviet Union.

Saddam's repeated executions of his top military commanders in the past 15 years shows that he worries about his army's loyalty. He should. Reliable reports during the Iran-Iraq war established that desertion was so serious that Saddam ordered tens of thousands of deserters hiding in Iraqi marshes killed with poison gas.

Air strikes that suppress his ability to use chemical weapons at the beginning of the conflict and that break the exposed supply lines of Iraq's occupation army in Kuwait should encourage the occupation army to surrender if it knows it will be protected from Saddam by the U.S.-Arab force now being built up on the ground.

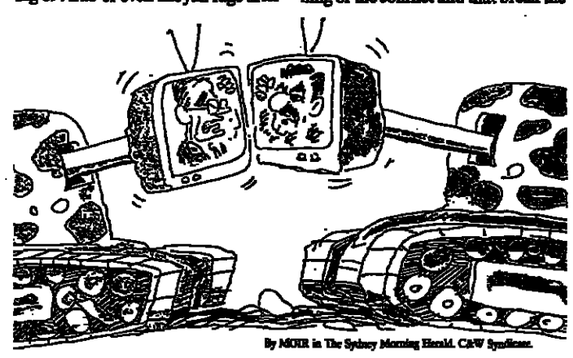
Arab participation is crucial to the long-term success of Operation Desert Shield. Those who say that the United States cannot and should not keep large numbers of its ground troops in the Arabian Peninsula for more than a few months are right. Mr. Bush does not have a long-term military option in that sense.

But Hosni Mubarak of Egypt does, if Saudi Arabia's understandable concern about hosting a large military presence from an impoverished, much more populous Arab neighbor can be satisfied. A small American presence that performs a command function over an Arab defense force composed almost entirely of Egyptian troops is the key to stability once Saddam Hussein has been driven out of Kuwait.

A momentous change in Arab and American attitudes has been largely overlooked in the confusion that Iraq's invasion has produced. For the first time, the United States is committing itself to a major combat role on behalf of Arabs. For the first time, Arab leaders have chosen to stand together to confront the evil in their ranks and not try to blink it away. The gathering of Saddam Hussein, the Palestinian terrorists and Moammar Gadhafi on one side defines in stark terms the nature of this conflict and what America and its allies need to do.

The question has been asked before, but it bears repeating at this point: If not now, when?

The Washington Post.



By MOIR in The Sydney Morning Herald. CAW Syndicate.

After a Slow Buildup, the Logic of War Looks Inexorable

WASHINGTON — There is an inexorable logic at work in the Gulf. It is the logic of war. Barring a miracle — say, Saddam Hussein's assassination — this slow-motion windup can have only one outcome.

Both George Bush and Saddam Hussein have boxed themselves in. The Iraqi leader cannot leave Kuwait empty-handed. If he does, he falls. And if he falls, he dies. In Iraq, presidential transitions are carried out by machine gun.

As for Mr. Bush, he has declared that "we will not let this aggression stand." In the end, he may flinch and agree to what is euphemistically called an "Arab solution." Saddam Hussein gets concessions — a couple of Kuwaiti islands, oil fields, a few billion dollars in payoff from the Gulf Arabs — in return for withdrawal. The Bush administration might try to sell this as an American victory. The world would see it for what it was: a victory for Saddam Hussein.

Such a solution would be a major U.S. defeat, fatally compromising both America's standing and its friends in the Arab world. I cannot imagine that Mr. Bush would accept such an outcome. But if he does not back down, this can only end in war — for three reasons.

First, the embargo will not work. It marginally weakens Iraq and usefully delays the inevitable, but it will not do the trick. The first to die will be friends, the Kuwaitis. And as the Kuwaitis die, so will the foreigners among them. Next will be the women and children of Iraq. Because we will not let that happen, the siege cannot work.

Second, Saddam Hussein's bet that holding hostages will deter an American attack is a losing one. His mistake was taking too many hostages. When you take three or four, as in Lebanon, their plight can be personalized; not so when you take thousands.

Finally, there is the American buildup, massive and continuing. It is now beyond what is needed to defend against an attack on Saudi Arabia, an unlikely prospect in any case. America is building up to what? It is building up to war.

If so, then Mr. Bush, who has handled the crisis brilliantly, has failed in one crucial respect: preparing his people for the inevitable. His address to Congress was clear and stirring. But he did not begin to prepare Americans for the suffering and sacrifices to come. His rhetoric hearkens back to Churchillian rejection of appeasement, but Churchill went on to promise blood, sweat and tears. Mr. Bush promises a cut in the capital gains tax.

— Charles Krauthammer, writing in The Washington Post.

The Prescription: Sound Economies

By Michel Camdessus

The writer is managing director of the International Monetary Fund.

WASHINGTON — The political crisis in the Middle East has reminded us all that peace is fragile and economies vulnerable.

The impact of the crisis will be adverse for most of the world. Many countries are likely to experience both lower growth rates and higher inflation, this year and next, than would have been the case. But the International Monetary Fund's best estimate is that these effects will be moderate: If the situation does not deteriorate further, the problem should remain manageable for most countries.

But a small group of countries are particularly affected and deserve special attention. They include some of the poorest countries, several developing countries that depend heavily on oil imports, and the countries of Eastern and Central Europe. This varied group can expect a severely adverse impact on growth rates and balances of payments, on top of existing difficulties. These countries would find it extremely difficult to cope with this additional burden on their own. The international community should agree to extend them a helping hand.

Our collective response to the present crisis will, however, produce only short-lived benefits unless it is accompanied by an unflinching resolve by all countries, but especially the major industrial countries, to maintain sound economic policies. This is an essential prerequisite for a healthy global economic environment.

The industrial countries face this heightened challenge at a sensitive time — when concerns are being expressed in some of them about possible recession and a rekindling of inflation. The main objective of these countries in the longer term must be to improve the prospects for sustained noninflationary growth.

To achieve this, it is essential that the industrial countries continue to pursue monetary policies aimed first at controlling inflation and then at making steady progress toward price stability; fiscal policies directed at fostering adequate levels of national savings and capital formation; and structural policies aimed at increasing efficiency, notably through trade liberalization. The events of this summer give greater importance and urgency, not less, to the implementation of this strategy.

In these circumstances, a significant relaxation of monetary conditions would yield neither an enduring reduction in interest rates nor a lasting improvement in employment. Instead, to allay concerns about increasing inflation, clear and credible signals must be provided that the authorities are determined to reduce inflation.

Furthermore, the increased demand for resources associated with German reunification and reform in Eastern Europe, together with the pressing needs of the indebted countries, underscore the urgency of increasing world savings.

Such a reduction in the absorption of savings by governments would tend to lower interest rates, thereby encouraging private investment and helping to reduce the debt-service burden on developing countries. This must be the central component of a medium-term strategy to reduce and reverse the net transfer of global resources from South to North.

The fiscal stance adopted by the industrial countries — and in particular the United States — will be of paramount importance in the period immediately ahead. The credibility of U.S. efforts to reduce the budget deficit, to establish a trend toward balance over time and to strengthen the budget process will be crucial.

In this more interdependent and diversified world, it makes little sense for any country, or group of countries, to try to go it alone.

The role of the IMF, as the central institution of the monetary system, must be to ensure that the efforts of more than 150 member countries are compatible and complementary. The IMF must remain vigilant over any possibly disruptive developments, promote a cooperative approach to the major problems of its members, and respond effectively and rapidly to unexpected global shocks. These functions are even more essential now than when the IMF was established.

Recent events demonstrate again that sound economic policies and close collaboration in a multilateral framework are essential. Through stronger efforts, countries can work together to make the 1990s a decade of progress for all, despite the uncertainties of the moment.

International Herald Tribune.

Is Decline Starting To Hurt?

By Anthony Lewis

BOSTON — Massachusetts voters turned angrily against incumbents in primaries last week, and many other states report a mood of hostility toward politicians. Why? The experts talk of high state taxes, corruption, cynicism. But a far more profound phenomenon may underlie the discontent. I believe we may be seeing an early sign of the process that Professor Paul Kennedy described in his book "The Rise and Fall of the Great Powers." That is the economic decline of a great power even as it continues to exercise its military might in the world.

The United States right now is marshaling large military forces in the Gulf. But in order to pay for that effort it has had to hold a tin cup out to allies and friends. There could hardly be a clearer demonstration of the gap between the ambitions of American policy abroad and the weakness of its economic base at home.

The fiscal bankruptcy that makes Washington ask for help on Gulf costs has had devastating domestic effects. In particular, it has put a heavy strain on state and local governments.

During the Reagan years the federal government taxed less and spent more — on weapons. The Reagan administration's nonanswer to the resulting deficit was to cut, indeed virtually to eliminate, all kinds of federal aid to the states. The money saved was piddling compared with the deficit, but the local pain inflicted was great.

Some things just have to be done. When the federal government reduces payments for hospital care of the indigent, cities and states must somehow find the money.

Massachusetts and New York and New Jersey and other states are now feeling the responsibilities dumped on them by Washington. In boom times the burden could be borne. Now it demands higher taxes or bloody budget cuts. The states cannot run deficits. The voters have to pay, and they are angry.

A curious result of America's federal system is that the anger is misdirected. The politicians close at hand are the targets. They have done plenty of things wrong, but those really responsible are in Washington — and somehow hardly anyone associates them with the pain.

Governor Mario Cuomo of New York has called attention to this political curiosity. President Ronald Reagan's "new federalism" amounted to making state and local taxpayers bear new burdens, but they did not notice who had done it.

Governor Michael Dukakis of Massachusetts made a similar point when I asked him about the reasons for voter discontent. "It's a combination," he said, "of 10 years of Washington kidding the public about paying the bills, and the steady dropping of more and more burdens on the states."

Of course it is not economic folly alone that has put the United States into an economic decline — and made it a country with bad schools, inadequate health care, uncompetitive technology. It is failed political leadership.

Vested interests scream at any proposal that would touch them, and the politicians draw back. Steps obviously needed right now, such as higher gasoline taxes and realistic pricing of Medicare for the well-off elderly, are dismissed. All President George Bush suggests to balance the budget is more tax cuts for the rich.

The challenges to reviving the American economic base obviously could be met, but so far there is no sign that they will be. The political will is just not there. Perhaps the greed and folly of Reaganism did too much damage. But that was the political leadership Americans wanted.

That is why Mr. Kennedy's historical warnings are so troubling. For what America is experiencing may be more than a mistake here and there. It may be a leadership failure reflecting a people's unwillingness to meet the responsibilities of a dynamic society.

In a piece written for New Perspectives Quarterly, Mr. Kennedy said of the American commitment in the Gulf that "the cause may be just, the deployment impressive." But in the 17th century, he said, Spain was impressive in deploying armies abroad, while at home it was sagging in ways that proved decisive: "Massive debts, inefficient industries, reliance on foreign manufacturers, vested interests ...

"The emperors, kings, prime ministers and presidents of great powers have always preferred the heady world of diplomacy, war and international affairs to the unglamorous realm of fiscal reform, educational change and domestic renewal ... It is left to later generations to pay the price."

The New York Times.

100, 75 AND 50 YEARS AGO

1890: Mission to Zanzibar

ZANZIBAR — The German Consul-General and the Acting Imperial Commissioner have left for the German coast to inquire into the truth of the reported slavery proclamation. It is stated that if they find the slave traffic being actively carried on at Bagamoyo they will take stringent measures to suppress it.

1915: All-English Fords

NEW YORK — Mr. Henry Ford, who arrived in New York today [Sept. 23], declares that Great Britain's duty of thirty-three and a third percent on imported automobiles will probably compel his company to build its machines completely in England. "We now make some of the parts here," he said, "and send them to our English plant, where they are assembled with other parts made in England. Hereafter, I suppose, we must build the automobiles entirely in England." He added: "The new tax will be a good thing for England."

1940: Indo-China War?

VICHY — Japanese attacks in the vicinity of Langson, French Indo-China, broke out again yesterday afternoon [Sept. 24], and it was believed that future hostilities hinged on the outcome of the conference between Maj. Gen. Issaku Nishihara, head of a Japanese mission in Hanoi, and Lieut. Gen. Rikichi Ando, commander of the Japanese forces in South China. The conference is reported to be taking place on Hainan Island or in Canton. The Franco-Japanese agreement signed on Sunday, which gave the Japanese three airdromes in Indo-China and the right to garrison troops in the French colony to guard the air bases, was canceled yesterday by mutual consent as a result of the military developments of the past few days, which nullified its effectiveness.

— From the New York edition of the New York Herald Tribune.

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OPINION

Far From China's Center, a Magic Bowl

By William Safire

SHANGHAI — On a foggy morning about a dozen years ago, passengers on a flying jalopy were told that Beijing was socked in and the pilot had been diverted to Shanghai. We landed at a deserted airfield; no planes were expected at Shanghai that morning, and nobody on the ground quite knew what to do with a planeload of transients. Hungry and disconsolate, we sat in a barren waiting room, a handful of Westerners stranded in a Communist wasteland.

Then an aged, bent Chinese woman, muttering to herself, came bustling onto the dreary

Off the beaten path, the sense of repression is not the same.

scene with a large tray holding bowls of noodles. Not ordinary noodles, but a wondrous Shanghai breakfast with chunks of chicken and an exotic green vegetable in a broth dominated by wide, slippery, homemade noodles.

I can taste that magic bowl of noodles today, in my mind's taste buds, as I overlook a city of 13 million from the 37th floor of the Shanghai Hilton, having just ordered a waffle with Vermont maple syrup for breakfast, while watching a live satellite telecast of the "NBC Nightly News."

Tourist China ain't the same. In the '70s you could count on unrelieved mustiness, uncomprehending telephone operators and stark white dining rooms with Western guests strictly segregated; drains in the bathrooms were plugged by rubber stoppers attached to rusty chains, and only your shortwave radio kept you in touch with the outside world. The visitor's life was uncomfortable in many ways, but the feeling was gloriously foreign.

Today the momentum of the economic open door of the '80s is carrying China's major cities into the 21st century. High-rise hotel and convention complexes create new skylines. The mustiness has been replaced by the smell of metal polish; proud new managers of these half-occupied glass and chrome palaces live in terror of tarnish. The well-trained young help eagerly and courteously address visitors in English. They all want to make you feel at home, as if home were not the place you wanted to get away from.

Some things have not changed: Off the tourist track, the real China exists in all its bravery and squalor. Outside the travelers' cocoon, the dead hand of communism stifles dissent just as it did in the '70s. But the sense of repression is not the same everywhere. Let us use two contrasting cities to illustrate the forces going head to head in China today.

Shanghai is to Beijing as New York is to Washington: bigger, more colorful and cosmopolitan, its people more outspoken and sassy, resentful at having to pay taxes to prettify the parasitic capital but warily respectful of its greater power.

Shanghai is a real city, unplanned, with traffic-clogged narrow streets and no state security goons tailing resident foreign reporters. Beijing is laid out to mile, majestic in its wide boulevards, conscious of history in the Forbidden City and Tiananmen, the national center of control and corruption. Political Beijing hustles; businesslike Shanghai bustles.

Beijing, permeated by a fear of chaos if a billion people break loose, represents the stiff spirit of order. Shanghai, which did not shoot its protesters last summer and does not join in the jamming of the Voice of America today, stands for the spirit of enterprise that flourishes in a freer atmosphere.

We cannot carry this analogy too far; Shanghai was a hotbed of Maoist radicalism that was defeated by Dengist reformers. But the point holds: The farther you get from the socialist center, the more China becomes Chinese.

Shanghai's mayor, Zhu Rongji, although a friend of Beijing's fearsome Li Peng, bears a curious resemblance to Ed Koch, the former New York mayor. When I tried to set him up with an opening softball question at a dinner last week, Mr. Zhu responded with a bit of political-media wisdom that deserves adage status: "A softball question is usually followed by a hardball question." The man is wryly hip and slyly practical. Will his ilk, who could attract foreign investment, run China after the great funeral?

No one can know. China could go completely totalitarian, or break completely free, or muddle down the middle until the Beijing way or the Shanghai style emerged triumphant.

But I can conjure a vision. The stultifying octogenarians are gone; the Politburo is meeting in the Forbidden City; the opposing forces are in deadlock, getting hungry and irritable. Suddenly, this aged, bent Chinese woman, muttering to herself, appears with a magic bowl of Shanghai noodles ...

The New York Times.

Who Is to Blame for the Sons' Deaths?

By Anna Quindlen

NEW YORK — It was two days before Christmas when Jay Vance blew the bottom of his face off with a shotgun still slippery with his best friend's blood. He went second. Ray Belknap went first.

Ray died and Jay lived, and people said that when you looked at Jay's face afterward it was hard to tell which of them got the worst of the deal. "He just had no luck," Ray's mother would later say of her son to a writer from Rolling Stone magazine. It was a considerable understatement.

Jay and Ray are both dead now. They might be only two of an endless number of American teenagers in concert T-shirts who drop out of school and live from album to album and beer to beer, except for two things. The first was that they decided to kill themselves as 1985 drew to a close.

The second is that their parents decided to blame it on rock 'n' roll.

When it was first filed in Nevada, the lawsuit brought by the families of Jay Vance and Ray Belknap against the members of the British band Judas Priest and their record company was said to be heavy metal on trial.

I would love to convict heavy metal of almost anything — I would rather be locked in a room with 100 accordion players than listen to Metallica — but music has little to do with this litigation.

It is a sad attempt by grieving grown-ups to say, in a public forum, what their lost boys had been saying privately for years: Someone's to blame for my failures, but it cannot be me.

The product liability suit, which sought $6.2 million in damages, contended that the boys were "mesmerized" by subliminal suicide messages on a Judas Priest album.

The most famous subliminal message before this case came to trial was the section of a Beatles song that fans believed hinted at

MEANWHILE

the death of Paul McCartney. The enormous interest that surrounded this seems terribly silly now, when Paul McCartney, far from being dead, has become the oldest living cute boy in the world.

There is nothing silly about the Judas Priest case, only something infinitely sad.

Ray Belknap was 18. His parents split up before he was born. His mother has been married four times. Her last husband beat Ray with a belt and, according to police, once threatened her with a gun while Ray watched. Like Jay Vance, Ray had a police record and had quit high school after two years. Like Jay, he liked guns and beer and used marijuana, hallucinogens and cocaine.

Jay Vance, who died three years after the suicide attempt, his face a reconstructed Halloween mask, had had a comparable coming of age. His mother was 17 when he was born. When he was a child, she beat him often.

As he got older, he beat her back. Once, checking himself into a detoxification center, he was asked, "What is your favorite leisure-time activity?" He answered "Doing drugs." Jay is said to have consumed two six-packs of beer a day. There's a suicide note if I ever heard one.

It is difficult to understand how anyone could blame covert musical mumbling for what happened to these boys. On paper they had little to live for. But the truth is that their lives were not unlike the lives of many kids who live for their stereos and their beer buzz, who open the door to the corridor of the next 40 years and see a future as empty and truncated as a closet.

"Get a life," they say to one another. In the responsibility department, no one is home.

They are legion. Young men kill someone for a handful of coins, then are remorseless, even casual: Hey, man, things happen. And their parents nab the culprit: It was the city, the cops, the system, the crowd, the music. Anyone but him. Anyone but me.

There is a new product on the market I call Parent in a Can. You can wipe a piece of paper on something in your kid's room and then spray the paper with this chemical.

Cocaine traces, and the paper will turn turquoise. Marijuana, reddish brown. So easy to use — and no messy heart-to-heart talks, no constant parental presence. Only $44.95 plus $5 shipping and handling to do in a minute what you should have been doing for years.

In the Judas Priest lawsuit, it is easy to see how kids get the idea that they are not responsible for their actions. They inherit it.

Heavy metal music is filled with violence, but Jay Vance and Ray Belknap got plenty of that even with the stereo unplugged.

The trial judge ruled that the band was not responsible for the suicides, but the families are pressing ahead with an appeal, looking for absolution for the horrible deaths of their sons.

Heavy metal made them do it — not the revolving fathers, the beatings, the alcohol, the drugs, a failure of will or of nurturing. Someone's to blame. Someone else. Always someone else.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Bush's Sensible Goals

Regarding "Pay the Leader and Follow Quietly" (Opinion, Sept. 19) by William Pfaff:

Mr. Pfaff's argument that "leadership arises from seriousness, national self-discipline, self-sacrifice and intelligent policy-making directed to attainable rather than rhetorical goals" — and that this is not what is happening in the Gulf crisis — does not ring true.

Clearly, President George Bush is serious about rallying international support for his policies, and not just to make the Japanese and the Europeans pay for the effort; their support could help them find responsible roles in a post-Cold War era. If some Europeans and Japanese prefer to view the affair from a purely economic viewpoint, this is simple-minded escapism.

The world has taken a turn away from ideological dependencies, and Saddam Hussein's actions could finally allow an international code of political conduct to take hold. If the alliance against him succeeds, it should reassure those countries that have temporarily lost perspective in the debris of the old world order. This goal is an expression of intelligent policy-making, and it seems attainable.

JOSEF ERNST.
Bonn.

Through Arab Eyes

Millions of people in the Arab world believe in the essential unity of the Arab nation. They yearn, perhaps far too romantically, for the elimination of the borders that divide them. To them, Iraq's invasion and annexation of Kuwait looks like the first step in the decolonization of Arab lands and the *unification of Arab peoples.*

Saddam Hussein's calculations may have been wrong. But they were not irrational, given what the big powers had let him get away with. To many Arabs he appears as a redeemer, a father figure, a hero who took a stand against Israel and its powerful Western patron.

Saddam Hussein threatens not only Western interests and the status quo, but also the future of pro-Western rulers in Egypt, Morocco and Saudi Arabia. Despite these leaders' wide divergences, they are lumped together in the "moderate" camp. In Western eyes, one has to be pro-West to be a moderate. Among many Arabs, this rankles.

Saddam Hussein is guilty of crimes as charged. But the Western governments are in no position to sit in judgment. There have been too many proxy wars, too much hypocrisy, too many covert operations in the past half century to give any one side a claim to righteousness.

S. MAHMUD ALI.
London.

Hanoi Wants a Chance

Regarding the editorial "Hanoi Is Not the Enemy" (Sept. 18):

I agree with The New York Times's criticism of the U.S. decision to extend the economic embargo against Vietnam.

Vietnam's human rights record is far superior to China's, and Hanoi has been radically reforming the Vietnamese economy. One World Bank expert said that had it not been overshadowed by the revolutions in Eastern Europe, the Vietnamese experience would have qualified as "one of the most spectacular economic changes ever seen in a socialist country."

Yet the Bush administration continues to veto the International Monetary Fund loans so badly needed for Vietnam to become self-supporting. Does Mr. Bush kowtow to China, while snubbing Vietnam, because there are so many more potential customers for U.S. business there? Many allied diplomats believe that is the case.

The Bush administration has stated that it favors humanitarian aid to Vietnam, yet it has consistently hampered private efforts at getting aid to Vietnam. One agency reportedly was denied permission to send yarn to make sweaters because it was considered developmental rather than humanitarian aid.

Virtually all the Western democracies except the United States have embassies in Hanoi (where I have just spent 18 months). The international community there considers the embargo to be Vietnam's punishment for having defeated U.S. forces.

The Vietnamese do not want, or expect, any favors from the United States, they just want it to stop hindering their efforts at rebuilding their country. They want a fair chance to escape the grinding poverty in which they now live.

VIRGINIA GIFT.
Garches, France.

A Sense of Betrayal

Regarding "Germanys' Bar the Doors to Soviet Jews" (Sept. 14):

With the world's eyes focused on the Gulf crisis, we may be neglecting our commitment to the emerging and vulnerable freedoms of the East Europeans.

Just months ago, we sat riveted to our television sets, waiting with hope for the Berlin Wall to fall and open the way for a more humane way of life for the people beyond.

Now, reading your front-page article about the Germans' exclusion of Soviet Jews, a dark specter reappears on the horizon.

Chancellor Kohl had us believe that a united Germany would be different this time. It would pose no military threat and would embrace a democratic policy. Yet just a few weeks short of reunification, the new Germany has taken a deplorable position on Soviet Jewry.

Is this our reward for sharing Germany's happiness and promise? I, for one, feel a sense of betrayal.

MARLEEN SCHLIESSER-KRIEGER.
Amsterdam.

The World and Saddam

The Arab world consists of peoples and regimes, with almost no link between the two. President Bush has the leaders (most of them) on his side, but these are leaders with no legitimacy. Saddam Hussein has succeeded in demonstrating that the West employs a double standard in dealing with world order and with peoples.

TAHER AMIN.
Paris.

Somedays I like to be chauffeur-driven in my beach buggy

When I'm by the beach, I like to be chauffeur-driven in my beach buggy, so I can catch a bit of the salt air.

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FACE-OFF IN THE GULF: With troops massing, France assails Iraq and the White House is beset by internal tensions

Gulf Crisis: Chafing at the White House

By Andrew Rosenthal
New York Times Service

WASHINGTON — After seven smooth weeks of handling the Gulf crisis, the White House is fumbling several critical Gulf issues on Capitol Hill and finds itself beset with internal tensions that strain its vaunted collegiality.

Administration officials admit privately they were taken aback by the sharpness of congressional questioning on why the Reagan and Bush administrations supplied the military and economic aid that helped President Saddam Hussein of Iraq establish himself as a regional strongman.

They are nervous about continued congressional investigation into whether the administration misread signals in late July that Mr. Hussein was set to invade Kuwait.

And both White House officials and congressional Republicans say that while overall support for the Gulf policy is strong, lawmakers' questioning of individual aspects is likely to grow.

By their own admission, administration officials were unprepared for the extent to which Congress would scan their Iraq policy.

"We got lulled by the fact that the crisis management by Bush and the whole team was so good and Congress was away for most of the time," a senior official said.

"We didn't realize that once the novelty and the early tendency to rally behind the president wore off, it would become politics as usual."

Taken together, the events of the last week have forcefully reminded Mr. Bush that political support for military operations

NEWS ANALYSIS

can drain away quickly, threatening both the political vitality of a president and the comity among his main advisers.

White House officials have started to privately accuse the State Department of trying to steal credit for the response to Iraq's invasion, while grumbling about Pentagon handling of a proposed $21 billion arms sale to Saudi Arabia.

Senator John S. McCain 3d, an Arizona Republican, called the proposed sale "a gross miscalculation of Congress."

The congressional criticism of previous policy toward Iraq has also focused an unaccustomed glare on the State Department and, by implication, Secretary of State James A. Baker 3d.

Lawmakers have so far not directly blamed him, but the crisis is testing Mr. Baker's widely envied political skills.

Last week, it produced the unusual spectacle of Mr. Baker and his staff hunkering down in Foggy Bottom while a new lineup of "golden boys," — notably Defense Secretary Dick Cheney and the national security adviser, Brent Scowcroft, stepped forward.

Mr. Baker broke his public silence with a television appearance Sunday in which he evaded the central questions: Was American policy before the invasion misguided and was he responsible?

And, while Mr. Bush works to maintain congressional support for his Gulf policy, administration officials have started complaining — very quietly — about lawmakers who backed U.S. overtures to Saddam Hussein and made their own missions to Baghdad, including a group led by Senator Bob Dole, Republican of Kansas.

"You don't see any of those guys coming out to remind people about it now," a senior official said.

While these tensions have come into sharp focus in the last week, lawmakers and administration officials said they were probably just a temporary bump. But some worried they might be a harbinger of deeper trouble.

"These do not represent an insurmountable problem if events work out with regard to the possible conflict with Iraq," said Representative Jim Leach, Republican of Iowa, a member of the House Foreign Affairs Committee. "If events do not work out, it's the tip of the iceberg."

Perhaps the most dramatic setback for the administration came in the congressional examination of its overtures toward Iraq before the invasion of Kuwait, particularly the now-famous conversation on July 25 in which the U.S. ambassador to Iraq, April Glaspie, told Mr. Hussein the United States did not want to be involved in Iraq's border dispute with Kuwait.

Mr. Baker and his staff were clearly unprepared for the uproar, and Mr. Baker, who has taken an unusually low profile at other times in the crisis, became less visible again last week.

Before he reappeared Sunday on an NBC News program, his spokeswoman and loyal aide, Margaret D. Tutwiler, found herself in an extremely odd position — assuring reporters that her powerful boss, the president's best friend, was still engaged in the most critical foreign policy issue on the agenda.



Rob Taggart/Reuters

French soldiers awaiting a truck being unloaded Monday from the carrier Clemenceau in the Red Sea port of Yenbo, Saudi Arabia.

Mitterrand, at UN, Urges 'Rule of Law' Be Applied to Iraq

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — President François Mitterrand of France assailed Iraq on Monday for its invasion of Kuwait, telling the General Assembly that anarchy would prevail if such aggression were allowed to go unchecked.

His comments were expected to be the first of a series of condemnations in three weeks of speeches by leaders to the organization, which has gained a new vitality in its near-unanimous response to the crisis.

The Security Council is expected to vote Tuesday on an eighth resolution on punishing Iraq for refusing to relinquish Kuwait. The strictest yet, it would block all air traffic in and out of Iraq except for planes carrying humanitarian aid.

"In order to prevent this anarchy and theory of might makes right, and avoid a situation in which one powerful person might be replaced by another, I can't find any other answer than the rule of law, of right," Mr. Mitterrand told the General Assembly.

Iraq's ambassador to the United Nations listened silently to Mr. Mitterrand's remarks. High-level Iraqi officials, including Foreign Minister Tariq Aziz, were absent.

President Fernando Collor de Mello of Brazil was the first speaker. "The crisis that has befallen Kuwait presents an unexpected and serious threat to collective peace," he said.

Foreign Minister Eduard A. Shevardnadze of the Soviet Union is to speak Tuesday. Both President George Bush and Mr. Aziz of Iraq were scheduled to address the 160 members of the assembly next Monday.

Iraq said it had rejected a U.S. offer to allow an Iraqi plane to fly the Iraqi delegation to New York if about 1,000 Americans held in occupied Kuwait and Iraq were allowed to leave.

Mr. Mitterrand said that "no compromise" was possible as long as Iraq continued to occupy Kuwait, which it invaded on Aug. 2.

The "sovereignty of that country is not negotiable," he said.

Mr. Mitterrand said "everything would be possible" in resolving the crisis if Iraq withdrew from Kuwait and he proposed a four-stage plan for peace in the Middle East.

Then the international community would be able to guarantee the withdrawal of Iraqi forces from Kuwait, the restoration of the sovereignty of Kuwait and "the democratic will of the Kuwaiti people," he said.

A third stage, Mr. Mitterrand said, would involve the international community, including Arab countries, in solving other disputes in the Middle East, such as the presence of foreign troops in Lebanon, the aspirations of the Palestinian people for an independent state and the right of Israel to live in security.

A fourth stage, he said, would be a mutually agreed reduction of arms and the beginning of cooperation in the Arab world "from Iran to Morocco."

But he lashed out at Saddam Hussein, saying the Iraqi leader had not given "one gesture, not one word, not even a glimmer" of complying with Security Council resolutions demanding Iraq withdraw from Kuwait.

"Is this the end of hope?" Mr. Mitterrand asked. "Is there no more room for peace? We don't wish to announce such a verdict. I still have hopes."

Mr. Mitterrand said that the ransacking of the French Embassy in Kuwait by Iraqi soldiers on Sept. 14 and the seizure of French nationals was unprovoked and that Iraq's apology was late.

"If there is a mistake why proclaim it so late and why increase the number of hostages?" he said.

The Iraqi action prompted France to send 4,200 ground troops to Saudi Arabia.

Iraq said Sunday it would not send a delegation from Baghdad to take part in the session because the State Department had refused to allow Iraqi Airways to fly the entourage to New York.

A State Department official said the matter was still being considered, "but it would seem inappropriate to grant permission for the Iraqi foreign minister to fly his plane to the United States while hundreds of Americans citizens are being held against their will in Iraq and Kuwait."

Western women and children have been allowed to leave, but men are being held by the Iraqis and scattered at strategic sites.

The official Iraqi press agency, INA, said the offer was conveyed by an assistant to Secretary-General Javier Pérez de Cuéllar.

(AP, Reuters)

More Than 700,000 Troops Will Be Facing Off

By Molly Moore
Washington Post Service

DHAHRAN, Saudi Arabia — When all of the forces that have been committed to Saudi Arabia, including those from the United States, Europe and Arab nations, arrive on the Arabian peninsula, more than 700,000 troops will be assembled along the border.

Although Iraqi equipment is considered no match for that of the high-tech Western forces, analysts say, the sheer numbers of soldiers and tanks in President Saddam Hussein's arsenal pose a formidable threat that cannot be countered by technology alone.

Military intelligence officials estimate that 365,000 Iraqi troops have been moved into the region south of Basra in southern Iraq and into Kuwait. The number is expected to swell to about 400,000 in the next few weeks.

U.S. intelligence sources now provide the military with hour-by-hour reports of the movements of the Iraqi forces.

Since the invasion, Iraq has shifted its most qualified, heavily armored forces, the Republican Guard divisions, from the front lines to the rear, giving the military more power to counter initial blows to its front, now manned primarily by illiterate teenage conscripts, according to U.S. officials.

About 80,000 members of the Republican Guards were the shock troops in the storming of Kuwait on Aug. 2, but two weeks after the invasion, U.S. intelligence detected their withdrawal to the Iraq-Kuwait border region in what U.S. officials say they believe is an attempt to keep them in reserve as a quick-reaction "swing" force that could respond to assaults mounted either from Saudi Arabia by U.S. and multinational armored forces or from the Gulf by U.S. Marines.

The remaining 60,000 Republican Guards are concentrated in and around Iraq's capital, Baghdad, to protect Mr. Hussein and the Iraqi leadership from internal or external assault.

The Iraqi military has installed stationary and mobile Scud-B missiles across eastern and central Kuwait. U.S. officials express confidence that they know the sites of all the stationary Scud launchers, but military officials say the Iraqis play hide-and-seek with the mobile launchers.

"The Scud is primarily a psychological weapon," an American general said. "It is not an accurate weapon, but the fact that you could fire it and it would land somewhere in a city, killing innocent civilians, makes it more of a psychological weapon."

Some military officials said they believe that some Scuds would likely evade U.S. air defenses.

On the Saudi side of the border, the combined Arab and Western forces have divided the Eastern Province and some other areas of the country into large sectors of responsibility, with Saudi and other Arab forces operating in zones immediately adjacent to the Kuwaiti border.

The first large units of U.S. troops — Marines and the army's 24th Mechanized Division — are located about 80 kilometers (50 miles) from the border, defending important ports and oil refineries.

"We would like to be operating farther north, closer to the border area," a U.S. commander said.

The United States expects almost 200,000 military personnel to be in place within the next two months. In addition to attack planes and fighter jets, Britain has committed its 6,000-member "Desert Rat" armored brigade.

The Saudi military has about 65,000 active duty troops and is urgently recruiting men for its guard and reserve units. Egypt has said it could send up to 30,000 troops to Saudi Arabia, and the Syrian government is planning to dispatch about 18,000 troops.

The buildup inside Saudi Arabia remains almost two months away from completion, but enough air, sea and land forces have arrived to erode significantly the overwhelming and undisputed military advantage Iraq held in the days after the invasion of Kuwait.

Throughout Saudi Arabia's Eastern Province, where the huge majority of the military forces are concentrated, there is a combat-zone atmosphere. Long convoys of trucks piled with equipment or loaded with tanks snake along the main highways from Saudi ports to staging points in the surrounding desert. Helicopters, jet fighters and cargo planes criss-cross the skies around the clock. Military personnel clad in desert camouflage gear have filled many of the hotels in major cities, turning hotel restaurants into military mess halls.

Combat, initiated by either side, would most likely begin during the night. Critical to both forces will be night-vision equipment. After eight years of conducting night operations in the Iran-Iraq war, Iraqi forces are proficient in the use of night-vision devices, and their tanks and weapons are equipped with them.

U.S. forces consider their equipment far superior, however, and have dedicated much of their training to night operations.

Messerschmitt Denies Aiding Iraq on Bomb

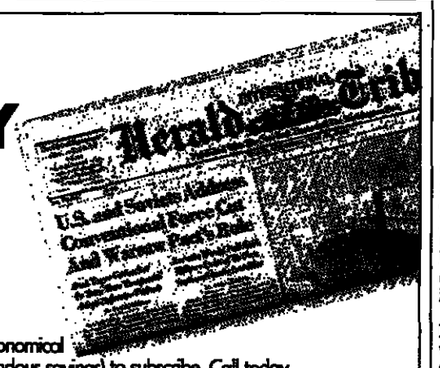
Reuters

BONN — The government is investigating reports that one of West Germany's leading defense and aerospace company supplied Iraq with plans for a "super bomb," spokesmen said Monday.

The West German news magazine Der Spiegel reported that the armaments group Messerschmitt-Bölkow-Blohm, or MBB, had developed a powerful "fuel bomb" with a pressure wave comparable to that of a small nuclear explosive. Blueprints and test data were shipped to Iraq via Egypt, the magazine said.

A spokesman for the Munich-based company denied the allegation. He said MBB had taken part in the study of a corresponding Egyptian project that ended in 1988.

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Terrorists Freed in Kuwait Attack Iraqis

By Patrick E. Tyler
Washington Post Service

TAIF, Saudi Arabia — Dozens of convicted Shiite Muslim terrorists were freed from Kuwaiti prisons before the arrival of invading Iraqi forces, and many now have turned their terror tactics on the Iraqi occupiers, according to officials of Kuwait's government in exile here.

A senior Kuwaiti official said the liberated terrorists included 15 whose release had been a long-standing demand of Shiite extremists holding American and other Western hostages in Lebanon.

Early reports after the Aug. 2 invasion suggested that the Iraqis had seized the prisoners and taken them to Baghdad to use as possible bargaining leverage against the United States.

Officials here were vague on details about the release of the 15 prisoners, who were convicted of staging truck-bomb attacks on the U.S. and French embassies in Kuwait in December 1983 and whose imprisonment set off a series of Middle East terrorist attacks by radical Shiite sympathizers.

Many of the prisoners were associated with Ad Da'wa al Islamiya, a pro-Iranian opposition group in Iraq that began a terrorist campaign against Kuwait to punish the Gulf emirate for its support of President Saddam Hussein of Iraq during his eight-year war with Iran.

In an interview at this Saudi mountain resort where Kuwait has assembled its government in exile, the Kuwaiti prime minister and crown prince, Sheikh Saad al Abdullah as Salim as Sabah, said that the resistance campaign by the freed Shiites "proves to you that all of the Kuwaiti people stand together in the face of Saddam and his troops."

The Kuwaiti head of state, Sheikh Jaber al Ahmad as Sabah, is to meet with President George Bush in Washington on Thursday.

Sheikh Saad said that Sheikh Jaber would thank Mr. Bush and the American people "for the quick help" the United States sent to the region.

A senior official said he believed that Kuwait was ready to discuss granting the United States and perhaps other Western countries military-basing rights in Kuwait as part of a new regional security structure if and when the Iraqi Army were driven out of the country.

The crown prince said that such basing rights would be a subject of discussion between Sheikh Jaber and Mr. Bush.

Sheikh Saad also said that Kuwait was "upset and annoyed" by what he called Jordan's equivocation over the Iraqi invasion, and that he was inclined to follow Saudi Arabia's example in withholding financial assistance to King Hussein of Jordan until the king abandoned his association with Saddam Hussein.

"Why would we support him?" Sheikh Saad asked. "I think he is getting all what he wants from Saddam." Saudi Arabia cut off oil supplies to Jordan last week.

The crown prince and other senior officials here, including the Kuwaiti interior minister, Sheikh Salim as Sabah as Salim as Sabah, expressed doubts that the United Nations trade sanctions against Iraq would force Saddam Hussein to retreat. They indicated that they believed military force would be required.

Sheikh Salim said he would be "very happy" if the United States and its allies in the multinational Gulf force moved quickly to a war footing.

Other officials in Taif said they were preparing to release a videotape of two Americans still hiding in Kuwait pleading for Western action to liberate them.

Meanwhile, Kuwaiti officials said they are making every effort to coordinate and broaden the resistance effort in their country.

The officials said that the freed Shiites were not part of the authorized Kuwaiti resistance, which is being funded and directed by the Kuwaiti government.

Some Kuwaiti leaders in Taif expressed uneasiness that the two guerrilla groups were not cooperating. One official pointed out that the liberated Shiites and official resistance forces have been careful to avoid each other's operating areas.

The official said that in one attack on Sept. 18 Kuwaiti guerrillas set off a car bomb at an Iraqi military camp outside Kuwait City, killing dozens of soldiers.

Immediately after they were freed, some of the Shiite terrorists sought refuge at the Iranian Embassy in Kuwait City and were allowed to leave the country on Iranian travel documents, an official here said.

Kuwaiti officials also said that Iraq's Mukhabarat, or secret police, had taken over from the army the campaign of search, arrest and execution aimed at breaking the resistance effort.

They said that hundreds of Kuwaitis had been killed since Sept. 13 by police execution squads prowling the streets.

Won't Yield, Bush Tells Arab-Americans

Reuters

WASHINGTON — President George Bush, at a sometimes contentious meeting with Arab-American leaders, said Monday that he was "not going to yield one inch" on his conditions for a settlement of the Gulf crisis.

"We want a peaceful solution," Mr. Bush said. "But we don't want to do it and undermine — and I'm not going to do it and undermine — the solid consensus that exists in the world."

Mr. Bush, backed by several resolutions in the United Nations Security Council, has demanded an immediate and unconditional Iraqi withdrawal from from Kuwait, restoration of Kuwait's government and the release of foreign hostages.

"We're not going to yield one inch on those provisions," Mr. Bush said.

He also said he wanted to assure the stability of the Gulf region.

Earlier, a White House spokesman shrugged off a threat by President Saddam Hussein of Iraq to destroy the oil fields of the Middle East, calling it predictable oratory.

"We get a daily diatribe from Saddam, and this is one of them," said the White House spokesman, Marlin Fitzwater.

Mr. Fitzwater made his remark in response to President Hussein's statement on Sunday that he would attack Israel and oil fields throughout the Middle East if his country was economically strangled by the U.S.-led campaign to drive it from Kuwait.

[Prime Minister Yitzhak Shamir warned that Israel stood ready to "repay" any attack by Iraq, The New York Times reported from Jerusalem. "We, of course, are taking his threats seriously and preparing for them," Mr. Shamir told Israeli radio. He said his country was ready "to anticipate, prevent and, God forbid, if he'll really attack, to repay him."]

At the United Nations in New York, Foreign Minister Eduard A. Shevardnadze of the Soviet Union said statements about possible attacks in the Gulf and the Middle East were "inadmissible."

"Any attacks would unleash a war and that would mean disaster," he said after a meeting at UN headquarters with the British foreign secretary, Douglas Hurd.

"Statements concerning possible attacks in the Gulf area, in the Middle East, which is a region overburdened as it is with weaponry, a very explosive region, are inadmissible," Mr. Shevardnadze said.

Mr. Hurd brushed off the Iraqi leader's remarks, saying: "He makes a statement every day in order to give you something to write about. But there's really no change in these statements.

"They are all uncompromising," Mr. Hurd said, "and his statements will remain uncompromising until the day when he decides to leave Kuwait or is thrown out of Kuwait."

Mr. Bush, noting that President Hussein had spurned attempts by regional leaders to defuse the seven-week crisis, said, "I think it's going to take a little time before there can be any fruitful and serious negotiations."

"We cannot give at this time," Mr. Bush said. "We're not going to do that."

Mr. Bush was closely questioned by the audience, made up of 150 Arab-American business executives and others, on U.S. policy in the Middle East. Despite the tough questioning, he received a standing ovation at the end of the 20-minute session.

Mr. Bush said he deplored discrimination against Arab-Americans and what he called "appalling acts of hatred" by "a few hatemongers."

■ French Discount Apology

William Drozdiak of The Washington Post reported from Paris:

France dismissed on Monday an Iraqi apology for a raid its soldiers conducted on the French ambassador's residence in Kuwait earlier this month.

An announcement Sunday by the authorities in Baghdad, transmitted by the official Iraqi press agency INA, asserted that the intrusion by Iraqi soldiers was due to a "misunderstanding" and that the government would offer "its excuses" to France.

But a French Foreign Ministry spokesman said no official apology had been conveyed through diplomatic channels. He emphasized that even if Baghdad apologized, Paris would continue to insist that French and foreign hostages be freed as soon as possible.

About 200 French citizens are being held in Iraq and 90 in Kuwait. About 60 of them are being kept at strategic sites to deter any attacks by Western forces, the ministry said.

"Excuses are fine, but we are waiting for Iraq to allow French citizens to leave in a normal manner," Interior Minister Pierre Joxe said in a radio interview.

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Clockwise: Béatrice Bongibault, Dior's managing director, before the waterfall of Moët & Chandon; Betty Lagadère with one of the ruby "Wizard of Oz" shoes designed by Ronald Winston; São Schlumberger, a guest at Harry Winston; Thierry Mugler, and Anne Arnault, the wife of Bernard Arnault, the president of Dior.

Jean-Marc Lubrano

A Harvest of Luxury On Fashion Avenue

International Herald Tribune

SUZY MENKES

PARIS — Ten thousand people raised their glasses last week to France's fanciest shopping street. Avenue Montaigne, home to luxury names from Dior and Chanel, through Cartier and Vuitton, held a bacchanalian orgy of opulence.

They called it a "fête vendange" — a wine harvest celebration. It was a luxurious street party in which each house teamed up with a wine producer: Ungaro with Pommery champagne, Harry Winston with Taittinger, Louis Vuitton with Veuve Clicquot and Balmain with Mouton Rothschild.

Pavilions, swagged with grape-patterned drapes, were built on the sidewalk in front of each store. Elegant invitation-only clients moved from booth to booth, treating the street as a roving cocktail party. Guests then went on to dinner, hosted by the Comité Montaigne president, Antoine Gridel, at Maison de la Vigne, where seven wines were served with the foie gras and lobster.

The French celebrate luxury with panache and confidence. The pièce de résistance was nestling in a harvest festival display of grapes and ears of corn at Harry Winston. The jeweler had marked the 50th anniversary of Judy Garland in "The Wizard of Oz" (1939) by creating a jeweled replica of her red shoes out of 4,600 rubies. Admiring them were Betty Lagadère, in a curvy houndstooth-check Ungaro suit, and São Schlumberger in a straw-beige Chanel georgette pleated skirt and jacket, set off by a Van Cleef bunch-of-grapes necklace.

Bernadette Chirac, the wife of the Paris mayor, stopped by at Dior, where a pyramid of 900 glasses was filled with a waterfall of Moët & Chandon. Anne Arnault, the wife of the president, Bernard, flew Dior's colors with a flurry of lace on a couture suit. Béatrice Bongibault, Dior's managing director, just back from the opening of the new Dior store on Rodeo Drive in Beverly Hills, California, had smothered her black suit with a swarm of jeweled bugs. Also imbibing the bubbly were Judy Price, and Veronica and Randolph Hearst, over from New York.

Among the many fantastic floral decorations were bouquets of berries at the Ungaro boutique, where a new accessories area glowed with rich floral prints on velvet evening purses and shawls. Grapes and vine leaves were entwined with russet fox fur at Frederic Castet, where the Marquise de Roussy de Sales was offering Château de La Chaize. Across Rue François I (which joined in the neighborhood festival) Hervé Pierre, Balmain's new 24-year-old couture designer, was boutique hopping at Bernard Perris.

Avenue Montaigne is a class act compared with the burger-and-bank world of the Champs Elysées around the corner. Aside from classic couture, Thierry Mugler has a futuristic boutique, where he displayed in the window for the festival a "wicked lady" flame chiffon dress made for Lamia Khashoggi.

Next door, Jean-Louis Scherrer, newly capitalized by Japanese investors, is opening a refurbished store; across the street, Henry Racamier plans a Lanvin boutique next to Louis Vuitton, which he built into a leading luxury house and lost in a power struggle with Bernard Arnault.

On a balmy Paris night, it was hard to hear distant rumbles of recession and war. But is the French luxury industry really impervious to oncoming economic and political storms?

LVMH Moët Hennessy-Louis Vuitton SA announced last week that profit was up 23 percent for the first half of 1990 to 1.24 billion francs (about $239 million). The changes in currency markets, where the franc rose against the dollar, cut sales growth to 2 percent. Luggage, perfumes and beauty were reported in decline, compared with growth in Champagne, wine and Cognac.

A 25 percent growth in sales for 1989 was charted by the members of the Comité Colbert, an association of French luxury companies, which includes Chanel, Dior and Hermès in fashion, Boucheron and Van Cleef in jewels, Champagne houses, perfumers and Paris hotels from the Plaza Athenée to the Ritz. Their combined value is assessed at $4.5 billion. Significantly for a group that exports 69 percent of its products, Asia now has a 20 percent market share, compared to 14.3 percent for the United States. In fashion, the Pacific rim percentages are much higher: 26.16 percent in haute couture; 28.4 in jewelry, and a phenomenal 52.77 percent in fashion, accessories and luggage.

On Avenue Montaigne the evidence is there for all to see: Queues of Japanese line up outside the stores waiting for them to open. Asians have taken over from Middle Eastern clients at the luxury boutiques.

The French houses are making light of the loss of clients from Kuwait, although couturiers have had a few canceled orders. But in the longer term, the Gulf crisis and especially a rise in oil prices may have a baleful effect on the mighty yen.

History, from the czars, through the maharajas, the Rockefellers, the Mideast sheikhs and the Japanese, suggests that luxury businesses can always find new clients. But Avenue Montaigne last week may have been quaffing the last of the summer wine.

STYLE MAKERS

Wendy Ramshaw

GROWING JEWELRY

LONDON — "You need to grow an idea," said Wendy Ramshaw, whose stunning jewelry is being exhibited at the Royal Festival Hall on the South Bank until Oct. 7. She was speaking of her 1978 visit to Australia, as if many of the ideas collected there were the seeds of whole pods of work. This process of thought is typical of Ramshaw's meticulous and logical approach on which her international renown rests.

The exhibition demonstrates how one person handles the many materials from which jewelry is created, and not just gold and silver and enamel and stones and feathers. Examples include the products of 20th-century technology: a year's collaboration with Wedgwood that ended with a show at the Victoria and Albert Museum in 1982 and a series of jewelry made from Colorcore, a plastic laminate.

But it is even more than that. It is a celebration of an uncompromising experimenter of the highest standards, whether in the early works of paper and plastic or in the latest counterbalanced glass pendant.

Ramshaw's artistic life began as a graphic and textile designer. She loved making jewelry for herself, and some pieces were so intriguing that they produced orders from friends. The exhibition displays hoops of wire on which tiny colored papers have been folded and pierced, making a garland of flowers. Another combination of paper, wire and feathers — from her years in Australia — curiously totemic, are intended as hair ornaments.

In 1969, Ramshaw completed a set of six small, circular mirror pins of different sizes, framed in silver.



David Banks

Wendy Ramshaw wearing one of her "Orbit" series.

The wearer arranges them, choosing number and juxtaposition, to create a different grouping, a different jewel, each time. The theme was also carried out in a necklace that does not lie flat on the collarbone but stands out from the neck, confronting, in a sense, the person mirrored. These jewels were originally displayed on mirrors.

"You have the reflection within the piece and the display is again a reflection," Ramshaw said. "For me, it was the idea that I was making a constant comment and reflection upon one idea."

The idea for a set of rings resulted from a friend's request for a ring with a large stone. Instead, Ramshaw made a large ring comprising many small ones that would work together; pronges of differing length hold a variety of shapes and stones, precious and semiprecious, with a seemingly infinite possibility of order. The forerunner of other pieces that form a whole, the ring is purchased as a complete entity with its display stand.

A square, a circle, a triangle and an oblong shape are combined in one complex ring whose intricate clusters have been compared to Kandinsky's paintings. Next to it hangs a necklace that represents the utmost simplicity. It is only two millimeters in width, each segment hand turned and inlaid with white enamel; each tiny piece is different and has been placed specifically in the chain.

"I am interested in a very basic language, geometry plus imagination," Ramshaw said. "It looks ordered, but suddenly it looks random."

One of the most exciting sections of the exhibition is "Picasso's Ladies." Ramshaw has made pieces of jewelry extrapolated from the line and color of Picasso portraits. She calls them "parables between person and piece." A framed postcard of the painting from which it was taken hangs above each jewel. A necklace of oxidized silver has the same simple linear form as Picasso's "Portrait of a Woman"; the large curl of hair and the eye are repeated, but the jewel extends the portrait and forces us to investigate the painting further.

"It is possible to look at the piece and enjoy it without actually wearing it, which is true of all my pieces," Ramshaw said. "It enables me to make pieces that don't have a lot of wearing opportunity, making them a complete object before they are worn. I'm working twice over, which is very hard.

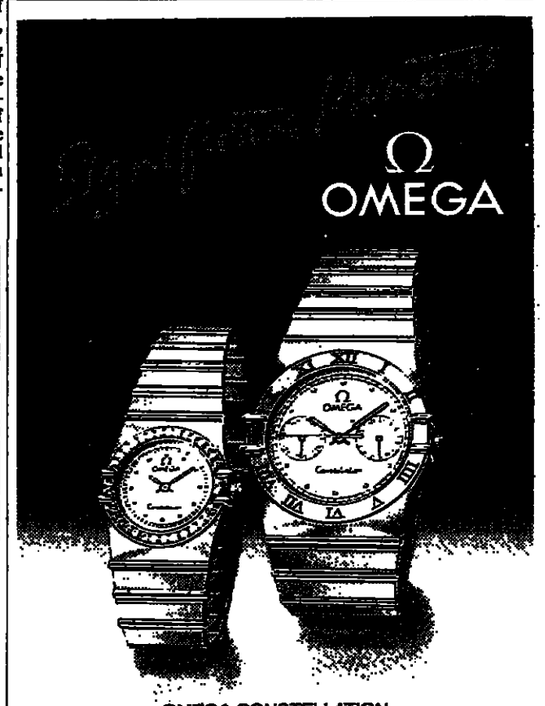
"It is easier to make something that looks spectacular and not worry how it will look on, or make something that wears very well and not worry about what it looks like off. I don't want to make something that has only one life."

Wendy Ramshaw's jewelry is also on show at the Triennale Européenne du Bijou Contemporain, Musée du Luxembourg, Paris, until Oct. 20.

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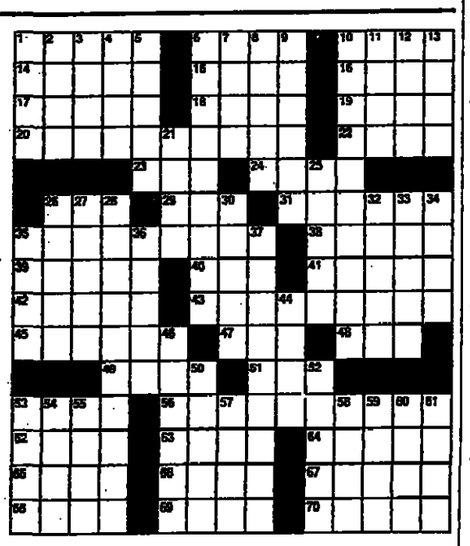
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29 Loser to D.D.E.
31 City on the Tagus estuary
35 One who speaks 53 Across
38 Range
39 Elem.-school subject
40 Countdown start
41 Iron, in Innsbruck
42 Oliman Jean Paul —
43 Has high regard for, with "by"
45 Expunged
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48 Singer Sumac
49 Author Harte
51 River inlet
53 Indic language
56 Chavez Ravine team
62 Kind of guard
63 The "Iliad," e.g.
64 A.L. batting champion: 1964-65-71
65 Emulate Bonnie Raitt
66 Kind of caterpillar
67 Demolishes
68 Egyptian cross
69 Amor's Greek counterpart
70 Collect

DOWN

1 Fem. opposite
2 Jai —
3 Tall tale
4 Ear-related
5 Copal or mastic
6 Certain strokes by Mehta
7 Sector
8 Municipal maps
9 Continued story
10 Royals Stadium team
11 Augury
12 'Bye, in Bologna
13 Tansy, for one
21 Tidy
25 Reacts to yeast
28 Less common
27 Japanese breed of dog
28 Three Rivers Stadium team
30 Curl the lip
32 Kind of buddy
33 Gluck product
34 Hawaii's state bird
35 Recto or verso
36 More like Bashful
37 Influences, in a way
44 Joy ride
46 Eradicate
50 Tosspot
52 Marketplace
53 Sky Bear
54 Bridle strap
55 Damp, like a dungeon
57 Chinese: Comb. form
58 Susiana
59 Judy's eldest
60 Dec. 24 and 31
61 Back talk



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Solution to Previous Puzzle

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INTERNATIONAL STOCKS

Errors and Delays Slow Malaysia Market Growth

By Ho Kay Tat
Reuters

KUALA LUMPUR — Exchange officials had high hopes for Malaysia's stock market in January, when it ended 16 years in the shadow of its Singapore counterpart. The economy was booming, foreign money was flowing in and a bull market was in full swing.

But eight months after the two bourses stopped the crosslisting of shares, officials say the development of the Kuala Lumpur Stock Exchange has fallen behind schedule. A five-month controversy over missing scrip and delays in the introduction of scripless, computerized trading have slowed the market's growth plans.

The announcement last March that 49 million shares worth an estimated 100 million ringgit ($37 million) were missing halted a market rally. Exchange audits found that most of the scrip had been misplaced at broking firms. The exchange itself bought shares on the open market to replace about 5 million missing shares.

'There's lots of planning but we always fall short on implementation.'

"It was a nightmare and we would not like to go through it again," Nik Mohamed Din Nik Yusoff, the exchange's executive chairman, told a news conference on Monday. "The only way for disgruntled investors to get back is by staying out of the market. In spite of it, we are moving ahead and we hope everything will go smoothly from now."

Nonetheless, analysts say the problem shook investor confidence and drained the exchange's resources.

"The performance has been below par," said Patrick Lim, president of the Malaysian Investors Association. "We were supposed to be the flavor of the year among the emerging markets but people are now talking about Jakarta and Bangkok."

Analysts say the next 12 months will test the ability of the exchange and the stockbroking industry to put their problems behind them and forge ahead.

"If they can implement their plans without hitches they will have done a good job," said Low Mei Ling, director of Antah Jardine Fleming Sdn.

THE PROBLEM," Mr. Lim said, "is there is lots of talking and planning but we always fall short on implementation."

Already, an exchange plan to launch the Brokers Depository System in July has been delayed. The system is the forerunner of the Central Depository System, or scripless trading, which the exchange had hoped to start in January 1991.

Officials say scripless trading will help the exchange compete against Singapore's over-the-counter market, which was set up to wrest back broking business after Malaysia ordered 182 Malaysian stocks delisted from the Singapore exchange. Salleh Majid, general manager of the Kuala Lumpur exchange, estimated 40 percent of Malaysian shares are traded in Singapore.

The Kuala Lumpur exchange will spend about 30 million ringgit to introduce the scripless system, which will be able to handle between 250,000 and 300,000 transactions daily compared with 100,000 to 150,000 now, exchange officials said.

Scripless trading has been delayed largely by the inability of stockbroking firms to integrate their computer operations with the exchange's. "But we are still hopeful of launching it early next year," Mr. Din said.

The exchange has set up a firm to handle scripless trading. The exchange holds a 40 percent stake and a private firm, Gerak Aman Sdn., holds 20 percent. The remaining 40 percent has been offered to the Association of Banks Malaysia. "They have not given their final decision but we think they will come in," Mr. Din said. "We will go ahead even if they don't."

Some analysts worry local stockbroking firms will fail to modernize for scripless trading. Local firms have been slow to set up or improve research units and have delayed raising paid-up capital to meet the demands of a more sophisticated market.

"Local brokers are not efficient and competitive enough," Mr. Lim said. But Mr. Din said, "They have to measure up. They have no choice."

Britain Has Slid Into Recession, Employers' Group Declares

By Leigh Bruce
International Herald Tribune

LONDON — The Confederation of British Industry said Monday that the country's manufacturing sector had slipped into a recession, prompting a renewed debate over Britain's tough monetary policies.

An announcement later in the day that Britain's trade deficit had improved sharply, dropping to £1.13 billion ($2.15 billion) in August from £1.68 billion in July, increased the sentiment among many analysts that the government's anti-inflationary policy was working and should soon be eased to prevent a full-blown slump. The markets had expected a trade shortfall of between £1.5 billion and £1.6 billion.

Despite evidence in a survey released by the CBI, an employers' association, showing order books and expectations for output at an eight-year low, the chancellor of the Exchequer, John Major, reiterated his determination to maintain high interest rates in his fight against the country's 10.6 percent inflation. The CBI called for a cut.

Bill Martin of UBS/Philips & Drew, a brokerage firm, asserted that "the chancellor is correct to stay strong. We still have to go through a recession to stabilize inflation. We have still not paid for the Lawson boom," referring to the previous chancellor, Nigel Lawson.

But his views were by no means unanimous.

"The chancellor is now in position to cut interest rates," said David Kern, chief economist of the National Westminster Bank PLC. "He can now have a measured easing in policy that doesn't undermine anti-inflationary policy."

The FT Stock Exchange-100 index, which opened sharply lower as a result of the CBI survey and Mr. Major's comments, recouped somewhat on the trade figures before falling again on a drop on Wall Street and the general economic uncertainty. The index closed at 1,990.3, down 35 points.

The pound gained on the trade news, restoring its strength after the minicrisis at the end of last week, when fears that sterling's entry into the Exchange Rate Mechanism of the European Monetary System might be put off beyond the end of the year. The Bank of England sterling index closed at 93.4, up from 92.6. On London foreign-exchange markets, the pound gained nearly four U.S. cents, closing at $1.8830, compared with $1.8494 Friday.

The CBI survey, the organization's most pessimistic since 1982, showed that 49 percent of the 1,405 companies that replied to the monthly Industrial Trends Inquiry had reported below-normal order books, as opposed to 10 percent reporting them to be above normal. In addition, 35 percent of the respondents said that export orders were below normal, and 30 percent said that their output would decline in the next four months.

The sustained rise in unemployment in recent months, indications that the growth in the money supply has dropped to within the government target, declining company results and a range of other indicators have recently confirmed the slowdown.

"There are now further clear signs that the economy is moving into a recession," said David Wigglesworth, chairman of the CBI's Economic Situation Committee.

Though analysts agreed that the government's anti-inflationary policies were having their desired effect, there were clear differences over whether the time was ripe for an easing of policy.

Mr. Kern, the banker, said that though "the CBI is exaggerating the magnitude of the downturn — this is not a slump — events are approaching the point that we should ease policy."

He advocated trimming the country's 15 percent interest rates by 1 or 1.5 points by the end of the year. He added that "entry into the Exchange Rate Mechanism can provide a framework for managing the easing of policy without endangering the stability of sterling."

Neil MacKinnon, chief economist at Yamaichi International Ltd., was more conservative. "Though there is a risk of a real recession if interest rates remain high into next year, we are not yet in a position to bring the rates down," he said.

Nonetheless, he and others also said that Mr. Major's tough stance reflected a natural desire not to be seen to bow to CBI pressures while giving him breathing space

See BRITAIN, Page 12

EC Change Would Free Air Routes

Reuters

BRUSSELS — New airlines will find it easier to open routes to Europe's main airports under rules being drafted by the EC Commission, according to a draft policy paper, a copy of which was obtained on Monday.

The aim of the new rules is to increase competition on trunk routes and bring down air fares.

The EC executive body says in the policy paper that it wants a say in the way European airports dole out takeoff and landing slots to airlines so that it can make more slots available to newcomers.

"The commission has never drawn up a proposal which will have such a big economic impact for airlines," an official of the agency said.

New EC rules already give new airlines the right to fly established routes or create new ones beginning Nov. 1. But this deregulation measure could be wrecked by overcrowded airports.

The runways at hub airports like London, Frankfurt and Düsseldorf are overloaded, and major airlines are holding on to every available slot.

To break the deadlock the commission wants to sit in on the twice-yearly conferences of the International Air Transport Association.

It also wants powers to force airlines with more than eight slots per day at an airport to surrender some of their routes.

■ Farm Talks Postponed

The commission on Monday also postponed until Oct. 3 a key meeting on strategy for agriculture in world trade talks.

In Japan, the Spigots Tighten

By James Sterngold
New York Times Service

TOKYO — At Japan's banks, which in recent years have served as financiers to the world, profit is tumbling and a global investment spree is slowing.

The Gulf crisis has hit the Tokyo financial markets hard, sending stock prices plummeting and interest rates rising. Having also tumbled several months earlier, the stock market is now down 39 percent for the year, making an already difficult year for the Japanese banks even grimmer.

In the last decade, the seemingly limitless flow of Japanese capital has been vital for everything from financing the United States' yawning budget deficits to aiding developing nations. Japanese banks — eight of the world's 10 largest — have been the principal intermediaries for this flood of money.

Now they are tightening the spigots, which experts expect to put upward pressure on interest rates in the United States and the developing world.

Taizo Hashida, chairman of Japan's leading bankers' association and president of Fuji Bank, the third largest in Japan and the world, predicted last week that Japanese banks would put severe limits on their lending in the future.

The impact is likely to be felt first overseas, where Japanese banks have marketed their services aggressively. The banks are likely to move away from high-volume, low-profit-margin businesses aimed at building market share, toward more profitable but potentially risky operations that rely on market savvy, in which they have little experience.

More than anything, the banks' current problems demonstrate how dependent they had become on inflated Japanese stock prices to fuel their spectacular growth. The difficulties are also likely to make painfully clear how dependent the American capital markets have become on inflows of Japanese capital.

"The bubble period is over," said Yoh Kurosawa, president of the Industrial Bank of Japan. "We have to face reality."

Because of the stock market's steep slide, banks are suddenly having trouble meeting new international standards for bank capital. Bankers here have begun suggesting that Japan may seek to postpone the deadline of March 1993 when the new rules are to take effect. That is a potentially explosive issue.

The guidelines, enacted by the Bank for International Settlements, the central bank for central bankers which is based in Switzerland, require commercial banks to maintain capital equal to 8 percent or more of their assets as a cushion against financial difficulties.

Just a year ago it appeared that

See JAPAN, Page 13

Japan's Banks Lower Capital

Capital to risk-weighted assets for Japan's leading banks at the end of fiscal 1989 and 1990 and their current levels.

BANK	3/31/89	3/31/90	CURRENT
Dai-Ichi Kangyo Bank	10.1%	8.3%	7.3%
Sumitumo Bank	8.3	8.4	7.5
Fuji Bank	8.3	8.3	7.2
Mitsubishi Bank	8.4	8.4	7.5
Sanwa Bank	7.8	8.5	7.4
Tokai Bank	7.7	7.8	7.7
Mitsui Talyo Kobe Bank	7.4	7.0	7.0
Bank of Tokyo	9.5	8.0	7.2
Kyowa Bank	7.9	8.8	8.8
Daiwa Bank	8.6	8.4	8.4
Industrial Bank of Japan	9.0	7.8	7.8
Long-Term Credit Bank	7.1	8.2	8.2
Nippon Credit Bank	7.2	7.3	7.3

Source: Datastream; Jardine Fleming Securities

The New York Times

IMF Backs Plan To Aid Nations Hurt by Gulf

Compiled by Our Staff From Dispatches

WASHINGTON — The International Monetary Fund gave approval Monday to an accelerated effort to supply billions of dollars in aid to countries hurt by the Gulf crisis.

The decision by the IMF's policy-making interim committee represented a victory for the Bush administration, which is counting on both the IMF and its sister lending agency, the World Bank, to help in the international effort to isolate President Saddam Hussein of Iraq.

In a communiqué, the IMF interim committee directed the agency's staff to "respond on an expedited basis to present difficulties."

Michel Camdessus, the IMF managing director, ruled out time-consuming talks to set up a new oil facility — the response to the 1973 oil shock. He said the quickest way forward was to speed up the flow of money already at the fund's disposal, adding that increased aid could start early next year.

The communiqué provided no specifics on how much money would be forthcoming. U.S. officials have indicated that Egypt, Jordan and Turkey alone would need a combined $13 billion to $16 billion in economic assistance through the end of next year.

Canada's finance minister, Michael Wilson, said the lack of specifics did not indicate dissent on the part of the 22 finance ministers on the interim committee, but rather a desire to give the IMF flexibility to channel aid to countries.

"We recognized the urgency of the needs of the people who are affected," Mr. Wilson said. "The urgency is stated, the framework is provided and now it is up to the IMF management to respond."

The IMF approval for increased assistance followed comments by the World Bank president, Barber C. Conable, that his institution also stood ready to provide assistance. The two organizations are holding their annual meeting in Washington.

In addition to assistance for the so-called front line states of Egypt, Jordan and Turkey, the United States is seeking billions of dollars for countries hurt by the sharp rise in oil prices, including the emerging democracies of Eastern Europe, which are about to lose their access to cut-rate Soviet oil, as well as the Philippines, India and Brazil.

The IMF communiqué expressed hope that the Gulf crisis would not cause a worldwide recession but it cautioned against trying to shield consumers from higher oil prices, a mistake officials said was made during the 1970s oil shocks.

France's finance minister, Pierre Bérégovoy, said the Group of Seven major industrial countries should cooperate to avoid "excessive jolts" in oil prices, just as they have tried to calm fluctuations on foreign exchange markets in recent years.

(AP, Reuters)

CURRENCY RATES

Cross Rates

Sept. 24

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.7635	3.389	1.1272	0.3346	0.125 *	—	5.48 *	1.3535	1.299 *	1.5315	1.799 *
Brussels	32.17	61.82	20.565	6.144	2.2764 *	18.25	—	24.725	0.2371	27.93	32.839 *
Frankfurt	1.3144	2.525	—	0.2987	0.1104 *	0.0872	4.882 *	1.2089	1.159 *	1.3664	1.596 *
London (a)	1.8875	—	2.0048	0.5252	0.2791.00	0.2388	69.295	2.4405	255.125	2.3645	282.09
Madrid	98.865	190.065	62.725	16.725	6.206 *	15.603	3.8475	25.26	72.29 *	85.32	—
Milan	1,167.20	2,296.78	740.45	220.34	—	461.32	36.365	297.85	8.628	1,015.35	11,975
New York (b)	—	1.8515 a	1.1695	0.331	0.1543.50	0.338	53.865	1.598	137.30	1.1497	17.795
Paris	5.314	9.8225	3.3479	—	0.448 *	2.97	6.1938	4.823	3.8885 *	4.5825	1.334 *
Tokyo						Closed					
Toronto	1.1535	2.165	0.739	0.2208	0.1008 *	0.4539	2.537 *	0.8884	0.8578 *	—	1.176 *
Zurich	1.365	2.448	0.8535	0.2485	0.1113 *	0.3379	4.8444 *	—	0.8982 *	1.1335	1.3992 *
1 ECU	1.3377	0.7082	2.4882	0.8974	1.548.24	2.3223	43.5762	1.7156	178.491	1.5467	139.225
1 SDR	1.396	0.7448	2.387	2.7169	1,631.79	2.4453	44.9721	1.8222	N.Q.	1.3998	137.886

Closings in London and Zurich. Rates in other centers, New York closing rates, Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5850.0	Greek drac.	153.75	Mex. peso	2888.00	S. Afr. rand	2.566
Austral. $	1.2978	Hong Kong $	7.7585	N. Zealand $	1.6044	Soviet ruble*	0.5447
Austr. schil.	10.99	Indian rupee	18.116	Norw. krone	6.0525	Swed. krona	5.743
Brazil cruz.	79.54	Indo. rupiah	1947.03	Phil. peso	25.53	Taiwan $	26.87
Chinese yuan*	4.72	Irish £	0.5855	Port. escudo	138.30	Thai baht	25.48
Danish krone	6.8845	Israeli shek.	2.9277	Saudi riyal	3.75	Turkish lira	2702.70
Egypt. pound	2.7434	Kuwaiti dinar	n.a.	Sing. $	1.7645	UAE dirham	3.6727
Fin. markka	3.7165	Malay. ringg.	2.698	S. Kor. won	714.40	Venez. bolív.	48.75

*New York rates unless marked * (local rate).*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8786	1.8884	1.8571	Canadian dollar	1.1573	1.1621	1.1668
Japanese yen	135.46	135.46	135.46	Swiss franc	1.3021	1.3021	1.3020
Deutsche mark	1.5630	1.5628	1.5626				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Sept. 24

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8 1/16-8 1/8	8 1/16-8 1/16	7 7/8-8	14 7/8-15	9 3/4-9 7/8	8 1/16-8 1/16	9 3/4-9 7/8	8 3/16
2 months	8 1/16-8 1/8	8 1/4-8 3/16	8-8 1/16	14 7/8-15	10 1/16-10 1/8	8 1/16-8 1/16	9 7/8-10 1/16	9
3 months	8 1/16-8 1/8	8 1/16-8 1/8	8 1/16-8 1/8	14 7/8-14 7/8	10 1/4-10 3/8	8 1/16-8 1/16	10-10 1/16	9 1/16
6 months	8 1/16-8 1/16	8 1/4-8 3/16	8 1/16-8 1/16	14 7/8-14 7/8	10 1/16-10 1/16	8 1/16-8 1/16	10 1/16-10 1/8	9 1/16
1 year	8 1/16-8 1/16	8 1/4-8 3/16	8 1/16-8 1/16	14 7/8-14 7/8	10 1/16-10 1/16	8 1/16-8 1/16	10 5/8-10 3/4	9 1/16

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $3 million minimum (or equivalent).

Key Money Rates

Sept. 24

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8¼	8⅜
Com paper 90-179 days	7.60	7.60
3-month Treasury bills	7.36	7.35
6-month Treasury bills	7.36	7.33
1-year Treasury bills	7.28	7.22
30-year Treasury bond	9.18	9.13
3-month CDs	7.65	7.65
3-month CDs	7.65	7.65
Japan		
Discount rate	4.50	4.50
Call money	7 21/32	7 21/32
3-month interbank	8 13/32	8 13/32
3-month interbank	8 7/16	8 13/32
West Germany		
Discount rate	4.50	4.50
Lombard rate	8.50	8.50
Call money	8.05	8.05
1-month interbank	8.25	8.25
3-month interbank	8.40	8.40
6-month interbank	8.70	8.70
Britain		
Bank base rate	15.00	15.00
Call money	14⅝	14 15/16
3-month interbank	14 15/16	14 15/16
6-month interbank	14 15/16	14⅝
France		
Intervention rate	9½	9½
Call money	9 9/16	9 9/16
1-month interbank	9⅝	9⅝
3-month interbank	10¼	10 3/16
6-month interbank	10⅛	10 7/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Sept. 24

1 month	8¼ - 8⅜
2 months	8 ⅛ - 8 ¼
3 months	8 ⅛ - 8 ¼
6 months	8¼ - 8⅜
1 year	8 ⅛ - 8 ¼

Source: Reuters.

U.S. Money Market Funds

Sept. 24

Merrill Lynch Ready Assets
30-day average yield: 7.57
Telerate Interest Rate Index: 8.056
Source: Merrill Lynch, Telerate.

GOLD

Sept. 24

	A.M.	P.M.	Change
Hong Kong	N.A.	389.75	+0.10
Luxembourg	390.00	—	+0.50
Paris (12.5 kilo)	392.51	393.99	+3.73
Zurich	389.50	392.25	+2.50
London	390.35	392.50	+3.25
New York	—	403.25	+13.50

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Fed, in Shift, Seeks Stable Interest Rates

By Louis Uchitelle
New York Times Service

NEW YORK — After 15 months of gradually lowering interest rates to ward off a recession, the Federal Reserve has changed its strategy and is trying to freeze rates at their present levels, having concluded that inflation is now the greatest threat to the American economy.

The inflationary impact of rising oil prices is the primary reason for the shift. The Federal Reserve's resolve has been bolstered by other leading industrial nations, which are also holding up interest rates. The Group of Seven industrialized nations endorsed the strategy in a communiqué Saturday.

But above all, Federal Reserve officials insist that the U.S. economy, although sluggish, is not in a recession and, therefore, that lower rates are not justified.

"There isn't a convincing signal to move interest rates dramatically up or down," said Robert T. Parry, the president of the Federal Reserve Bank of San Francisco.

Nine of the Federal Reserve's 17 regional bank presidents and governors offered the same opinion in recent interviews and public statements.

And Alan Greenspan, the chairman of the Federal Reserve, insisted that the nation was not in a recession.

Mr. Greenspan, in fact, offered a new, more stringent definition of recession, one that requires the economy to go into a steep decline. He suggested that the Federal Reserve might refuse to ease interest rates if the nation entered what most economists consider to be a recession — namely, six months in which the gross national product shrinks.

"Mr. Greenspan is defining recession as more complex than simply two quarters of negative economic growth," said Representative Lee H. Hamilton, Democrat of Indiana, chairman of the Joint Economic Committee of Congress.

"This new definition of his, which is new to me, leads me to believe that Mr. Greenspan seeks maneuvering room not to ease interest rates despite weak economic data."

However the experts define a recession, millions of Americans believe that the nation is in one now, public-opinion polls show.

Layoffs, rising unemployment, salary freezes, the decline in home prices and other hardships have brought them to this conclusion. But some Fed officials hesitate to use the word "recession," even for the Northeast, the region widely considered to be experiencing the greatest economic hardship.

"Things are undoubtedly in a downturn in New England, but conditions are mixed," said Richard F. Syron, the president of the Federal Reserve Bank of Boston.

Absent a recession, as the Federal Reserve defines it, Mr. Greenspan specified inflation as the "major danger" to the economy, particularly if rising oil prices lead people to demand higher wages. Once "oil prices have either stabilized or come down, you still have got the wage inflation in there to contend with," he told the Joint Economic Committee in testimony last week.

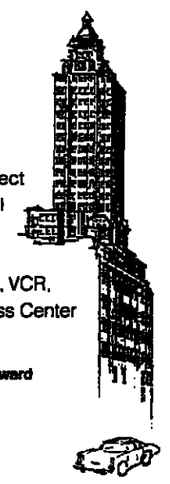
Then he ruled out, in effect, another reduction in interest rates soon.

"I think it is very clear that there are actions that we can take in the short run, which would be perceived to have short-term benefits, but could have intermediate and long-term major negatives," he said.

Mr. Greenspan and other Federal Reserve officials believe that lower interest rates would stimulate the American economy, perhaps within a few weeks, by encouraging people and companies to borrow for consumer spending and investment. The construction industry and home sales, in particular, would get a push.

But they also contend that while high interest rates tend to reduce spending and investment, over the long run they hold down prices by reducing the demand for available goods.

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MARKET DIARY

OIL: *Surge to $40 Batters Stocks*

(Continued from page 1)

benefit from the oil surge was gold, the traditional inflation hedge, which rose $7.70, to $397.65 an ounce in London.

Stock prices tumbled across Europe. The Financial Times-Stock Exchange index of 100 leading London shares fell 35.2 points, to a

N.Y. Stocks

20-month low of 1,990.3. In addition to oil prices, confidence was hurt by a survey from the Confederation of British Industry that said the British economy was sliding into recession.

Stocks also fell on all major Asian markets, led by a steep drop in Taiwan, where the weighted market index fell 191.17 points, to 1,807.21. New Zealand stocks fell to their lowest level in five years.

In New York, stocks were also hurt by a fresh rise in interest rates and the lack of progress in congressional budget negotiations.

Marlin Fitzwater, the White House spokesman, was quoted as saying that an agreement was not even close on several key issues in talks on reducing the budget deficit. The price of the U.S. Treasury's bellwether 30-year bond fell 25/32 to 95 13/32 to yield 9.20 percent, the highest in 18 months.

On the New York Stock Exchange, declines outnumbered advances by more than 6 to 1. Volume eased to 162.21 million shares, from 201.05 million Friday.

Broad market measures fell sharply, with the NYSE composite index off 3.52 at 167.51 and Standard & Poor's 500-stock index down 6.73 at 304.59.

Chase Manhattan fell 1⅜, to 11⅛, on turnover of more than 5 million shares, making it the the most active NYSE issue. The bank on Friday said it would set aside $1 billion for loan losses and a restructuring that involves 5,000 job cuts, and reduced its dividend by 50 percent.

Boeing followed, tumbling 2⅞, to 40⅜, as economically sensitive stocks were battered.

(UPI, Reuters, AP)

Dollar Loses Ground After G-7 Comments

Reuters

NEW YORK — The dollar closed mostly lower Monday, with the yen's fall and the pound's rise taking center stage in the market, traders said.

The dollar was sold off following the Group of Seven's apparent acceptance of the currency's drop. The weekend G-7 meeting produced a communiqué saying that

Foreign Exchange

current exchange rates should lead to a "continued adjustment" of external imbalances, such as the U.S. trade deficit.

The dollar finished at 1.5595 Deutsche marks, down from Friday's finish of 1.5785, and at 137.38 yen, up from 136.65 on Friday.

The yen suffered from Monday's surge of oil prices.

"The mark is more insulated to oil prices than the yen," said Donald Hubbard, a dealer for Midland Bank in New York. So the mark skyrocketed against the yen, he said. The German currency closed New York trading at 88.09 yen, up from 86.57 on Friday.

The British pound benefited from better-than-expected August current account figures. The August deficit registered £1.13 billion ($2.08 billion), down from July's revised gap of £1.68 billion and from market expectations of £1.14 billion.

The dollar continues to suffer from the stagflation confronting the U.S. economy, traders said.

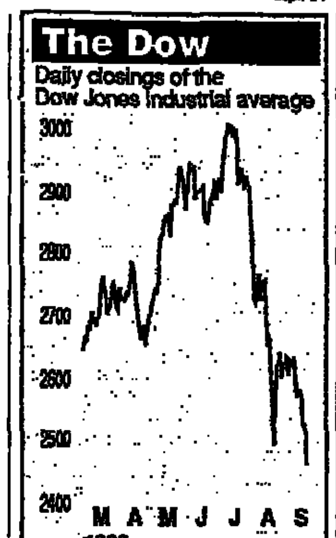
But with tensions apparently rising in the Gulf, traders are reluctant to sell dollars heavily, said Jack Griffin, a dealer for Banque Indosuez in New York.

The pound finished at $1.8815, up sharply from Friday's close of $1.8430. The dollar ended at 1.298 Swiss francs, down from 1.3205 francs Friday, and at 5.221 French francs, down from 5.2805 francs.

In London, the dollar lost more than 1.5 pfennig and 1 yen in thin, choppy European trading.

The dollar closed at 135.67 yen in London trading against 136.70 at the previous close.

Via Associated Press Sept. 24



NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Chase	50763	12⅝	10⅞	11⅛	—1⅜
Boeing s	29207	41⅞	39¼	40⅜	—2⅞
Citicorp	24493	15⅝	14¼	15¼	— ½
PepsiC s	20125	21⅞	21⅛	21⅛	— ⅝
PhilMr	20030	44⅝	43	43⅞	— ⅞
IBM	19937	106¼	104½	105	—1⅝
GenEl	19866	55¼	54¼	54½	—1⅛
CmpAsc	19145	5¼	4⅝	4⅞	— ½
WalMt s	15745	26¼	25⅝	25⅞	— ½
GnMotr	15444	36⅞	35⅝	36⅛	— ½
GTE s	14397	25⅞	25⅜	25½	— ¼
ChmBnk	14188	16⅛	14⅞	15⅛	—1⅜
Waste s	13498	33¼	31½	32⅝	— ¾
EKodak	12954	40⅝	40	40½	— ¾
AGnCp	11208	31⅞	30⅝	30½	—1⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
PW Nk pwt	7976	10	9¼	10	+1
Coron g	5909	5⅝	5⅜	5⅝	+ ⅜
SNk 193wt	5109	19⅛	18⅝	19	+ ⅝
WangB	5022	3⅜	3	3⅛	— ⅜
EchoBy	4143	13⅝	12⅝	13⅝	+ ¾
Dk Nk wt	3739	20	19⅛	19⅞	+ ¾
EkNk wt	3715	10	9¼	10	+1
RbnP rt	3340	18⅛	10½	18⅜	+ ⅝
ENSCO	3062	4⅛	3⅝	3⅞	
MSR	2873	3½	2⅝	3¼	+ ⅝
SNk 193wt	2813	20⅛	19½	19⅞	+ ½
SFT 393pwt	2700	6	5⅛	6	+ ½
SFT 393pwt	2556	4⅝	4⅛	4⅝	+ ½
SciPhb n	2263	4	3⅝	3⅞	+ ⅛
DowC rt	2092	7½	7¼	7½	+ ½

NYSE Diary

	Close	Prev.
Advanced	233	595
Declined	1430	928
Unchanged	327	471
Total Issues	1990	1994
New Highs	5	10
New Lows	444	266

AMEX Diary

	Close	Prev.
Advanced	111	207
Declined	504	351
Unchanged	178	239
Total Issues	793	797
New Highs	9	5
New Lows	118	87

NASDAQ Diary

	Close	Prev.
Advanced	446	730
Declined	1,702	1,142
Unchanged	2,100	2,375
Total Issues	4,248	4,247

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2491.83	2498.02	2436.72	2452.97	— 59.41
Trans	870.93	872.04	836.17	841.90	— 34.76
Util	201.02	202.34	198.06	199.76	— 1.95
Comp	875.58	878.12	853.57	859.31	— 22.36

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	367.10	357.89	359.29	—7.81
Transp.	222.07	214.57	215.49	—7.36
Utilities	132.23	130.21	130.36	—1.87
Finance	21.76	20.85	20.86	—0.80
SP 500	311.32	303.58	304.59	—6.73
SP 100	296.80	288.83	289.79	—7.01

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	169.39	167.07	167.51	—3.52
Industrials	211.51	208.54	209.18	—4.40
Transp.	134.63	131.39	131.57	—4.52
Utilities	83.44	82.82	82.92	—1.10
Finance	113.58	111.44	111.60	—3.42

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	352.16	— 18.1	374.11	381.27
Industrials	376.68	— 10.9	400.78	408.46
Finance	351.51	— 8.79	372.44	381.25
Insurance	422.58	— 7.20	436.41	443.53
Utilities	482.35	— 20.4	498.81	503.48
Banks	258.16	— 9.30	274.01	283.37
Transp.	393.96	— 5.31	412.08	421.54

AMEX Stock Index

High	Low	Close	Ch'ge
316.01	312.00	312.84	—3.17

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	88.44	—0.79
10 Utilities	89.66	—0.83
10 Industrials	87.23	—0.57

Market Sales

NYSE 4 p.m. volume	162,210,000
NYSE prev. cons. close	232,818,320
Amex 4 p.m. volume	14,050,000
Amex prev. cons. close	14,179,000
NASDAQ 4 p.m. volume	114,826,000
NASDAQ prev. 4 p.m. volume	124,228,000
NYSE volume up	12,192,760
NYSE volume down	141,425,610
Amex volume up	6,024,400
Amex volume down	7,076,650
NASDAQ volume up	11,169,517
NASDAQ volume down	86,696,720

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	*Sh'rt
Sept. 21	466,348	596,543	79,123
Sept. 20	365,651	593,954	57,198
Sept. 19	381,235	597,785	107,401
Sept. 18	448,632	556,598	114,082
Sept. 17	319,515	489,847	71,314

*Included in the sales figures

S&P 100 Index Options

Sept. 24

Strike Price	Calls-Last Oct	Nov	Dec	Jan	Puts-Last Oct	Nov	Dec	Jan
270	22½	26⅛	—	—	1	5⅝	7⅝	—
275	—	—	—	—	2⅛	7	9¼	—
280	15⅛	—	22½	—	5	8½	11⅛	12½
285	12	16⅛	21⅝	—	6⅛	10⅝	12⅜	—
290	8⅝	13	17½	—	8⅛	11⅞	14¼	17
295	6	10⅛	14⅝	—	10½	14¼	17⅛	—
300	3⅞	7⅝	11⅝	—	13⅝	16⅞	19½	—
305	2½	5⅛	—	—	17⅛	19⅝	—	—
310	1⅜	4	7⅛	9⅝	21	22⅝	26⅝	—
315	⅝	2⅝	—	—	25½	26	—	—
320	⅞	2	4	5⅝	30½	31⅜	32	—
325	⅛	1⅝	2⅝	—	35½	34⅝	—	—
330	⅛	⅝	2	—	38⅝	38	42⅛	—
335	⅛	⅝	1½	—	43⅝	45½	—	—
340	⅛	⅛	1	—	48	51¼	47	—
345	⅛	⅛	—	—	54⅝	—	—	—
350	—	⅛	⅛	—	58	57½	58⅝	—

Calls: total vol. 122,189; total open int. 671,365
Puts: total vol. 178,646; total open int. 422,948
Source: CBOE.

Currency Options

Sept. 24

PHILADELPHIA EXCHANGE

Option & Underly'g	Strike Price	Calls—Last Oct	Nov	Dec	Puts-Last Oct	Nov	Dec
50,000 Australian Dollars-cents per unit.							
ADollr	78	r	r	r	0.05	r	r
83.04	79	r	r	r	0.05	r	r
83.04	81	r	r	r	0.24	r	r
83.04	83	r	r	r	0.79	r	r
83.84	84	r	0.85	1.10	r	r	
50,000 Australian Dollars-European Style.							
83.04	84	0.50	r	r	r	r	
31,250 British Pounds-cents per unit.							
Pound	175	r	r	r	r	r	1.29
188.46	177½	r	r	r	r	1.20	1.95
188.46	180	5.47	r	r	0.50	r	r
188.46	182½	r	r	r	0.95	2.55	3.70
188.46	185	2.88	r	3.93	1.60	r	6.20
188.46	187½	2.70	2.80	4.20	2.70	r	5.85
188.46	190	1.70	2.70	r	r	r	r
188.46	192½	0.80	r	2.36	r	r	r
188.46	195	0.50	r	r	r	r	r
188.46	197½	0.23	r	r	r	r	r
50,000 Canadian Dollars-cents per unit.							
CDollr	83	r	r	r	r	r	0.12
86.94	84	r	r	r	r	r	0.26
86.94	85	r	r	r	0.18	0.36	0.50
86.94	85½	r	r	r	0.14	0.41	r
86.94	86	0.97	r	1.20	0.20	r	0.67
86.94	86½	r	r	r	0.37	r	1.15
86.94	87	r	0.51	0.60	r	r	
50,000 Canadian Dollars-European Style.							
CDollar	86	0.92	r	r	r	0.63	r
86.94	86½	0.60	r	0.77	r	r	r
86.94	87	r	r	r	r	1.12	
62,500 West German Marks-cents per unit.							
DMark	62	r	r	2.49	0.13	0.47	r
64.28	62½	r	r	r	0.19	0.64	r
64.28	63	1.28	1.94	1.61	0.38	r	1.08
64.28	63½	0.72	r	r	0.72	r	r
64.28	64	0.88	1.26	1.55	0.66	1.16	1.53
64.28	64½	0.46	1.06	r	r	1.40	r
64.28	65	0.40	0.87	r	r	r	r
64.28	65½	0.32	r	r	r	r	r
64.28	66	0.19	0.48	r	r	r	r
64.28	67	0.08	r	r	r	r	
62,500 West German Marks-European Style.							
64.28	58	r	r	6.35	r	r	
6.25 mil Yen-100ths of a cent per unit.							
JYen	65	r	r	r	r	r	0.04
72.90	66	r	r	r	r	r	0.06
72.90	67	r	r	r	r	r	0.14
72.90	68	r	r	r	r	r	0.15
72.90	69	r	r	r	0.05	0.15	0.26
72.90	70	r	r	4.01	r	r	r
72.90	70½	r	r	r	r	0.58	r
72.90	71	r	r	3.30	0.26	0.60	r
72.90	72	r	2.30	2.52	0.51	0.64	0.88
72.90	72½	r	r	r	0.60	r	1.44
72.90	73	0.77	r	1.53	r	1.05	1.66
72.90	73½	0.85	r	1.59	r	r	1.60
72.90	74	0.61	0.93	1.42	1.20	r	1.78
72.90	75	0.23	0.82	1.07	r	r	r
72.90	76	r	0.50	0.75	r	r	r
72.90	77	r	0.28	0.42	r	r	r
72.90	79	r	r	0.20	r	r	r
72.90	80	r	r	0.19	r	r	
6.25 mil Yen-European Style.							
72.90	73	r	r	r	r	1.02	
62,500 Swiss Francs-cents per unit.							
SFranc	65	s	s	11½	s	s	r
77.34	71	r	r	r	r	r	0.30
77.34	73	r	r	r	r	r	0.60
77.34	74	r	r	r	r	r	0.94
77.34	75½	r	r	r	0.66	r	1.46
77.34	76	r	r	2.33	0.72	r	1.55
77.34	76½	1.34	r	r	0.83	r	2.00
77.34	77	1.16	1.45	1.82	r	r	r
77.34	79	0.19	r	r	r	r	r
77.34	80	r	r	0.93	r	r	r
77.34	81	0.15	s	0.66	r	s	r
77.34	82	0.10	r	r	r	r	r
77.34	84	r	r	0.34	r	r	r
62,500 Swiss Francs-European Style.							
77.34	75	r	r	r	r	r	1.18
62,500 ECUs-cents per unit.							
ECU	124	r	r	r	r	r	0.50
132.37	126	r	r	r	r	r	0.96

Total call vol. 14,052 Call open int. 277,594
Total put vol. 14,268 Put open int. 272,488
r—Not traded. s—No option offered.
Last is premium (purchase price).

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.84	0.87
Coffee, lb	0.88	0.865
Copper electrolytic, lb	1.408	1.39
Iron FOB, ton	213.00	213.00
Lead, lb	0.45	0.50
Silver, troy oz	4.895	4.81
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	117.00	117.00
Tin, lb	3.8214	3.7801
Zinc, lb	0.72	0.7395

Dividends

Company	Per	Amt	Pay	Rec
USUAL				
Eastover Corp	Q	.25	10-24	10-5
Ohio Art Co	Q	.06	11-3	10-9
Parkvale Fncl	Q	.10	10-25	10-1
Parkway co	Q	.20	11-14	11-2
Progroup Inc	Q	.05	10-25	10-4
EastGroup Prop	Q	.50	10-17	10-5
First Boston Inco	M	.07½	10-15	10-1
First Boston Strat	M	.10	10-15	10-1
Galaxy Cablevision	Q	.35	11-14	9-30
Rodney Sq Gwth	-	.02½	9-28	9-24
Stratton Mnthly	M	.16	10-9	9-28

A-Annual; M-Monthly; Q-Quarterly; S-Semi-Annual

Source: UPI.

European Commodities

	Close Bid	Ask	High	Low	Previous Bid	Ask
LONDON SUGAR U.S. Dollars per metric ton						
Oct	250.80	250.40	254.80	247.80	248.60	249.60
Dec	228.40	228.80	N.T.	N.T.	224.20	225.00
Mar	227.40	227.80	244.40	232.00	224.40	224.80
May	237.60	238.00	244.00	232.40	224.40	225.00
Aug	240.00	241.00	238.00	238.00	237.60	238.00
Oct	239.00	239.20	238.00	238.00	235.80	239.00
Dec	231.00	249.00	N.T.	N.T.	230.00	243.00
Volume: 2,980 lots of 50 tons.						
LONDON COCOA Sterling per metric ton						
Sep	717	725	728	715	707	712
Dec	756	757	770	741	744	745
Mar	791	792	805	781	777	780
May	812	814	828	808	802	804
Jul	833	834	841	833	823	824
Sep	853	854	865	853	843	845
Dec	875	879	N.T.	N.T.	864	867
Volume: 4,073 lots of 10 tons.						
LONDON COFFEE Sterling per metric ton						
Sep	570	572	576	571	580	583
Nov	593	594	615	588	609	610
Jan	608	610	623	603	622	624
Mar	599	600	610	597	613	615
May	610	613	617	611	624	625
Jul	621	624	625	625	635	638
Sep	630	635	648	640	640	649
Volume: 5,443 lots of 5 tons.						
LONDON GASOIL U.S. dollars per metric ton						
Oct	343.00	343.25	344.00	317.00	305.25	305.50
Nov	336.00	336.50	336.75	312.00	300.00	300.50
Dec	329.00	330.00	330.50	310.00	297.50	298.00
Jan	320.00	320.50	320.25	305.00	290.00	271.00
Feb	307.50	308.00	308.50	302.00	280.00	—
Mar	293.50	295.00	298.50	290.00	266.00	—
Apr	280.50	283.00	280.50	277.00	255.25	—
May	270.00	278.00	278.00	278.00	—	253.00
Jun	—	280.50	N.T.	N.T.	—	—
Volume: 13,286 lots of 100 tons.						

	High	Low	Close Bid	Ask	Ch'ge
PARIS SUGAR French francs per metric ton					
Dec	1,595	1,577	1,617	1,630	+18
Mar	1,630	1,595	1,630	1,640	+17
May	1,605	N.T.	1,625	1,645	+18
Aug	N.T.	N.T.	1,680	1,700	+20
Oct	N.T.	N.T.	1,455	1,475	+22

Est. vol.: 112 lots of 50 tons. Prev. actual sales: 191 lots. Open interest: 10,145.

Sources: Paris Bourse du Commerce, London Petroleum Exchange, Reuters.

London Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	2095.00	2100.00	2225.00	2230.00
Forward	1985.00	1990.00	2075.00	2078.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1491.30	1493.00	1575.00	1580.00
Forward	1455.00	1456.00	1507.00	1508.00
LEAD Sterling per metric ton				
Spot	432.00	433.00	441.00	443.00
Forward	444.00	445.00	452.00	453.00
NICKEL Dollars per metric ton				
Spot	10100.00	10280.00	9800.00	9850.00
Forward	9975.00	9990.00	9650.00	9675.00
TIN Dollars per metric ton				
Spot	5850.00	5870.00	5805.00	5825.00
Forward	5960.00	5980.00	5920.00	5940.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	1400.00	1413.00	1480.00	1485.00
Forward	1362.00	1367.00	1417.00	1418.00

U.S. / AT THE CLOSE

S&L Losses for Quarter Decline

WASHINGTON (Reuters) — U.S. savings and loan associations had a loss of $196 million in the second quarter of 1990 versus a loss of $745 million in the year ago period, the Office of Thrift Supervision said Monday.

The second quarter results followed a first quarter loss of $374 million and a loss of $3.4 billion in the fourth quarter of 1989.

The director of the Office of Thrift Supervision, Timothy Ryan, said the moderation in losses reflected the movement of ailing thrifts from the private sector into government conservatorship under the Resolution Trust Corp.

Greenspan Sees Dangers to Banking

WASHINGTON (Reuters) — The chairman of the Federal Reserve Board, Alan Greenspan, said Monday that U.S. bank earnings and capital cushions were under pressure from problem foreign loans and growing risks in real estate loans.

In a letter to the Senate Banking Committee, Mr. Greenspan said the difficulties facing the U.S. banking industry increased the risk to the federal deposit insurance system and underscored the need for reform of the U.S. deposit insurance system, higher capital standards and improved supervision.

NYSE Disciplines 4 Member Firms

NEW YORK (Reuters) — The New York Stock Exchange said Monday it had disciplined four member firms and 31 individuals for violations of NYSE rules and federal securities laws.

The actions against the four firms, which neither admitted or denied guilt, and the individuals are subject to further review by the Securities and Exchange Commission.

Boeing Stock Hit by Ratings Changes

LOS ANGELES (Reuters) — Shares in Boeing Co. fell sharply Monday after analysts at First Boston Inc. and Shearson Lehman Bros. had lowered their ratings on the company.

Boeing would make no comment. The shares fell $3.125 to close at $40.125.

USAir Signs Deal With Air France

ARLINGTON, Virginia (AP) — USAir and Air France announced Monday a joint marketing program for coordination of schedules, marketing and joint facilities.

As part of the deal the two carriers will be able to buy blocks of seats from the other for resale on designated transatlantic flights. The agreement is the first of its kind between Air France and a major U.S. carrier.

U.S. Exports 73 Billion Cigarettes

PRINCETON, New Jersey (UPI) — Spurred by record tobacco exports, the U.S. tobacco industry recorded a 1990 first-half trade surplus of $2.49 billion, up 28 percent from $1.94 billion a year earlier, the Tobacco Merchants Association said Monday.

The tobacco surplus was led by product exports valued at $2.19 billion, including shipments of more than 73.7 billion cigarettes valued at $2 billion, the association said.

Belgium and Japan were the leading markets for American-made cigarettes, accounting for 29.4 percent and 28.7 percent.

For the Record

Imelda Marcos, widow of the deposed president of the Philippines, will testify with immunity this week in a federal investigation of allegations that Westinghouse Electric Corp. paid a $17.3 million bribe to the Philippines government, her lawyer said Monday. *(AP)*

Carolco Pictures Inc. said Monday it will purchase 3,461,538 of its common shares, or about a five percent stake, from the company chairman Mario Kassar for a total of $45 million. *(Reuters)*

BRITAIN: *Economy Has Entered Recession, Employers' Group Declares*

(Continued from first finance page)

to confirm the trends in coming weeks before deciding on any changes in interest rates or on joining the ERM.

"He can wait a few weeks to see next month's run of data and, if the trends are confirmed, he ought to cut interest rates," said Roger Bootle, an economist at Midland Montagu Research.

The analysts also said that the uncertainty surrounding the price of oil would complicate the task of maintaining downward pressure on inflation without provoking a recession. The Gulf crisis "has taken away a lot of room for maneuver," asserted Mr. MacKinnon.

But the CBI clearly believes that the real recession has already begun. John Banham, director general of the organization, called on the government to cut interest rates quickly to ensure that "the recession is not any deeper than it needs to be."

Mr. Kem said that "there is clearly a lot of pain, and in some areas the pain will get worse." But he maintained that the CBI was overstating the case. "The current situation is really not unexpected. There is no serious comparison between 1990 and the recession of 1980."

Mr. Martin, the stockbroker, was even more sanguine. "The economy is more resilient than expected," he said, "and there is still a lot of inflation there. Manufacturing always declines more than the economy as a whole."

The analysts also cautioned that the slowdown might not yet be deep enough to put pressure on wage inflation, which is now running at nearly 10 percent.

Mr. MacKinnon said: "Ironically, what should prevent an outright recession is that consumer spending should grow 2.5 to 3 percent next year on the strength of real incomes. That should be sufficient to bail the economy out."

WORLD STOCK MARKETS

Agence France Presse Sept. 24

Amsterdam	Close	Prev.
ABN Bank	32.70	32.90
ACF Holding	32.50	34
Aegon	112.30	113.90
Ahold	125.50	128.40
Akzo	89.10	91.90
AMEV	44.70	47.90
A'Dam Rubber	4.30	4.45
Amro Bank	63.30	64.90
Bols	172	177
Buhrmann Tett	50.40	51.40
BVG	N.Q.	18.80
Center Parcs	78.60	78.80
CSM	78.30	81.50
DAF	23.50	24.40
DSM	88.50	91
Elsevier	70.30	72.40
Fokker	35.30	34.70
Gist-Brocades	23.90	24.90
Heineken	115.90	116.70
Hoogovens	53.80	56.10
Hunter Douglas	57.50	61.50
IHC Caland	56	56.80
Inter Mueller	70	72.50
KLM	22.40	22.80
KNP	39	40.30
Nat Neder	53.90	55.10
Nedlloyd	47.30	49.50
NMB Postbank	37.40	39
Oce Grinten	40.30	42
Pakhoed	181	191.20
Philips	22	22.90
Robeco	85.40	86.20
Rodamco	N.Q.	73.30
Rolinco	81.50	82.50
Rorento	59	59.20
Royal Dutch	142.20	143.10
Unilever	135.30	137.90
Van Ommeren	38.30	39.90
VMF Stork	42.30	45.30
VNU	77.30	79.50
Wessanen	56.60	58.40
Wolters/Kluwer	44.40	47.50

CBS Gen'l trend index: 94.30
Previous: 97.00

Brussels	Close	Prev.
AG Fin	7390	7480
Arbed	3060	3450
Barco	1540	1585
Bekaert	7500	7500
Cockerill	150	151
Cobepa	4750	4930
Delhaize	5400	5460
EBES	3805	3850
GB-Inno-BM	1214	1240
GBL	3320	3380
Gevaert	7250	7390
Hoboken	12800	12973
Intercom	180.25	179
Kredietbank	3215	3245
Petrofina	10000	10125
Royal Belge	4740	4750
Soc Gen Banque	4210	4220
Soc Gen Belgique	2175	2260
Sofina	10450	10625
Solvay	9290	9220
Tractebel	3400	3525
UCB	17600	18725
Unerg Ps	2250	2270

Current Stock Index: 5847.94
Previous: 5113.73

Frankfurt	Close	Prev.
AEG	211	222
Allianz Hold	2145	2146
Altana	450	462.50
Asko	820	915
BASF	204.50	212
Bayer	212.10	218
Bay. Hypo bank	327	335
Bay Vereinsbk	344.50	351
BBC	670	670
BHF Bank	375	380
BMW	420.50	440
Commerzbank	241	242.50
Continental	206	257
Daimler Benz	616	635
Degussa	313	313
Dt Babcock	140	139.50
Deutsche Bank	611	641
Douglas	744	755
Dresdner Bank	373	383
Feldmuehle	506	506.50
Harpener	444	444
Henkel	543	549.80
Hochtief	1040	1048
Hoechst	203.50	213.50
Hoesch	206.50	214
Holzmann	1120	1190
Horten	190	195
IWKA	374.50	378
Kali Salz	162.20	173
Karstadt	602	624
Kaufhof	525	550
KHD	145	162
Kloeckner Werke	115.50	121
Krupp Stahl	235	239
Linde	729.50	734
Lufthansa	113	117
MAN	329	332
Mannesmann	236.50	240
Metallgesell	456	461
Muench Rueck	2200	2300
Nixdorf	258.50	267
PKI	N.Q.	325
Porsche	846	861
Preussag	300	294.50
PWA	214	219
RWE	383	400.50
Rheinmetall	N.Q.	315
Schering	590	595
SEL	280	295
Siemens	540	549.50
Thyssen	189.50	194
Varta	287.50	289.50
Veba	300	304
VEW	217	222
Viag	328	335
Volkswagen	381	393
Wella	685.50	689.50

DAX Index: 1416.85
Previous: 1466.57
FAZ Index: 492.56
Previous: 511.82

Helsinki	Close	Prev.
Amer A	70	75
Enso-Gutzeit	23.50	23.50
K.O.P.	28.70	30
Kymmene	59	60
Nokia	59	51
Pohjola	125	130
Stockmann	154	155
United Papers	148	140
Wartsila	335	335

Unitas Index: 423.50
Previous: 437.70

Hong Kong	Close	Prev.
Bk East Asia	13.20	13.40
Cathay Pacific	7.20	7.40
Cavendish Int'l	3.45	3.48
Cheung Kong	10.90	11.30
China Light Pwr	13.40	13.90
Dairy Farm Int'l	8.65	8.55
Hang Lung Dev	5	5.10
Hang Seng Bank	19.50	19.80
Henderson Land	7.70	7.90
HK Air Eng.	14.60	15
HK China Gas	9.40	9.80
HK Electric	8.65	8.80
HK Land	7.55	7.75
HK Realty Trust	4.30	4.30
HK Shang Bank	4.98	5.10
HK Shang Hits	4	4.10
HK Telecomm	5.80	5.95
HK Ferry	3.95	4
Hutch Whampoa	10.20	10.50
Hysan Dev	1.18	1.19
Jardine Math.	29.90	30
Jardine Str Hld	15	15.50
Kowloon Motor	5.70	5.80
Mandarin Orient	4.50	4.65
Miramar Hotel	5.48	5.60
New World Dev	8.50	8.85
SHK Props	13.40	13.60
Stelux	2.55	2.78
Swire Pac A	14.80	15.50
Tai Cheung Prps	3.38	3.50
TVE	0.95	0.95
Wharf Hold	7.60	7.85
Wing On Co	6.20	6.40
Winsor Ind.	6.90	6.95
World Int'l	3.78	3.85

Hang Seng Index: 2961.77
Previous: 2971.86

Johannesburg	Close	Prev.
AECI	13	13.25
Altech	70	70
Anglo Amer	98	94
Barlows	31	31.25
Blyvoor	14	14
Buffels	59	57
GFSA	48.50	45
Harmony	33.75	32.50
Highveld Steel	12.45	12.25
Kloof	35.50	34.85
Nedbank Grp	10.50	10.75
Rusplat	49.75	49
SA Brews	36.25	35.80
St Helena	36.50	35.50
Sasol	14	14.05
Welkom	23.75	23.75
Western Deep	132	130

Composite Stock Index: 2727
Previous: 2718

London	Close	Prev.
Allied Lyons	4.27	4.36
Anglo Am Gld	42.88	42.89
AA Corp	13	13
Asda-MFI Gp	1.09	1.11
Ass Brit Foods	3.95	3.93
Barclays	3.56	3.62
Bass	9.50	9.58
B.A.T.	5.28	5.34
Blue Circle	1.84	1.90
BOC Group	4.36	4.59
Boots	2.71	2.74
Bowater	4.22	4.35
BAe	5.36	5.50
BAA	3.73	3.75
Brit Airways	1.51	1.52
British Gas	2.17	2.18
BP	3.43	3.49
British Steel	1.15	1.17
Brit Telecom	2.58	2.64
BTR	2.98	3
Burmah Oil	4.60	4.68
Cable Wire	4.12	4.25
Cadbury Sch	3.03	3.10
Charter Cons	3.50	3.55
Comm Union	4.04	4.14
Cookson	0.76	0.77
Courtaulds	2.67	2.74
Dalgety	3.44	3.47
De Beers	N.A.	9.62
Dixons	1.28	1.16
Driefontein	6.24	6.37
Eurotunnel	3.99	3.90
Fisons	3.47	3.50
Gen Acc F	4.25	4.36
GEC	1.73	2
GKN	2.90	2.98
Glaxo	7.20	7.40
Grand Met	5.22	5.30
Gt Univ Stores	13.38	13.38
GRE	1.67	1.71
Guinness	6.75	6.93
Hanson	1.88	1.90
Hawker Sidd	3.90	4.03
ICI	8.77	8.92
Kingfisher	3.18	3.22
Land Sec	4.54	4.68
Legal Gen Grp	3.50	3.67
Lloyds Bank	2.33	2.36
Lonrho	2.01	2.11
Lucas Ind	1.85	1.89
Marks Sp	2.13	2.18
Maxwell	1.58	1.62
MB Group	1.35	1.37
Midland Bk	2.01	2.05
NatWest	2.31	2.37
Pearson Grp	6.45	6.65
P and O	4.65	4.85
Pilkington	1.38	1.40
Prudential	1.92	1.98
Racal Elec	1.38	1.45
Randfontein	N.Q.	2.56
Rank Org	5.15	5.25
Reed Int'l	3.46	3.51
Reuters	7.22	7.43
Rolls Royce	1.69	1.76
Royal Dutch	43.31	43.63
RTZ	3.93	4.05
Saatchi	0.29	0.30
Sainsbury	2.93	2.92
Sears Holds	0.80	0.81
Shell	4.77	4.88
Siebe	5.35	5.43
STC	2.25	2.29
Std Chart Bk	2.93	3.03
Storehouse	1.26	1.34
Sun Alliance	2.62	2.72
Tate and Lyle	2.30	2.39
Tesco	2.24	2.27
Thorn EMI	5.58	5.80
T.I. Group	3.68	3.75
Trafalgar Hse	1.71	1.85
THF	2.17	2.32
Ultramar	3.59	3.58
Unilever	5.86	6.08
Utd Biscuits	3.13	3.20
Vickers	1.88	1.98
War Loan 3½	31.53	31.58
Wellcome	4.82	4.87
Woolworth	13.13	13.19

F.T. 30 Index: 1588.80
Previous: 1614.00
F.T.S.E. 100 Index: 1998.30
Previous: 2023.30

Madrid	Close	Prev.
Bco. Bilbao/Viz.	2470	2565
Banco Central	4285	4315
Bco. Santander	3840	3850
Banesto	2625	2725
CEPSA	1562	1580
Dragados	2220	2300
Iberduero	583	578
Telefonica	818	842

S.E. General Index: 214.31
Previous: 221.20

Milan	Close	Prev.
Banco Comm	4735	4770
Bastogi	241	223
Ciga Hotels	3800	4080
CIR	3070	3070
Cred Ital	2290	2307
Enimont	1153	1140
Eridania	8600	8500
Ferruzzi Fin.	2152	2160
Ferruzzi Agr.	1792	1792
Fiat SPA	6149	6170
Generali	35700	35650
IFI	14650	16150
Italcem	19580	19800
Italgas	2730	2725
Italmobiliare	[illegible]	[illegible]
Mediobanca	14900	14750
Montedison	1210	1240
Olivetti	3775	3790
Pirelli	1890	1881
RAS	19790	19700
Rinascente	6405	6480
Saipem	1880	1920
SIP	1265	1230
SME	3815	3840
Snia	1450	1400
Standa	28850	28900
Stet	2120	2085
Toro Assi Risp	22770	22860

a: x 100.
MIB current index: 818.30
Previous: 828.30

Montreal	Close	Prev.
Alcan Aluminum	N.Q.	24⅛
Bank Montreal	26¼	26⅜
Bell Canada	35½	35⅝
Bombardier A	16¾	17¼
Bombardier B	16⅝	17⅛
Cambior	14⅛	13⅞
Cascades	3⅞	3⅞
Dominion Text A	9⅝	9⅝
Donohue	10⅛	10⅛
MacMillan Bl	16	16⅛
Memotec	N.Q.	8¼
Nat'l Bk Canada	7⅝	8
Noverco	N.Q.	—
Power Corp.	14⅜	14⅝
Provigo	9⅞	9
Quebec Tel	14¼	14⅛
Quebecor A	11¼	N.Q.
Quebecor B	10⅛	10⅛
Videotron	10¼	9¾

Industrials Index: 1282.91
Previous: 1317.95

Paris	Close	Prev.
Accor	656	644
Air Liquide	595	605
Avions Dassault	455	455
Bancaire (Cie)	329	356
BIC	685	670
Bongrain	2350	2500
Bouygues	381.10	403.10
BSN-GD	713	717
Carrefour	3150	3160
Cerus	169	176
C.G.E.	461	484.50
Chargeurs	770	775
Club Med	405.10	406
Dumez	608	613
Elf-Aquitaine	682	677
Europe 1	913	930
Gen. Eaux	2030	2050
Hachette	185.10	198
Havas	427	460
Imetal	220	225
Lafarge Coppee	332	339.50
Legrand	3180	3208
Oreal (L')	447	474
L.V.M.H.	3180	3220
Matra	222.50	223
Merlin Gerin	465	471
Michelin B	59.50	62.90
Moulinex	72	79.70
Occidentale	570	565
Paribas	447	457
Pernod-Ricard	1000	1022
Perrier	1110	1138
Peugeot	505	535
Printemps (Au)	460	485
Radiotechnique	335	379
Raff. St. Louis	1075	1140
Redoute (La)	2406	2400
Roussel Uclaf	1750	1801
Saint Gobain	332	356
Sanofi	730	730
S.E.B.	996	1005
Skis Rossignol	860	910
Ste Generale A	403	417
Suez	277.90	293.20
Telemecanique	4023	4190
Thomson-CSF	97.80	99
Total	704	695
Valeo	298	320

CAC 40 Index: 1592.80
Previous: 1543.53

Sao Paulo	Close	Prev.
Banco do Brasil	18.40	19.20
Bradesco	1.40	1.41
Brahma	7.20	7.40
Paranapanema	1.20	1.28
Petrobras	142	151
Vale Rio Doce	32.30	33.60
Varig	11.99	12

Bovespa Index: 24131
Previous: 25122

Singapore	Close	Prev.
City Dev.	2.61	2.72
DBS	9	9.40
Fraser Neave	6.70	6.70
Genting	8.80	8.80
Harrisons Plant	1.29	1.27
Haw Par	2.15	2.20
Hume	3.28	3.40
Inchcape	4	4
Keppel	5.50	5.60
KL Kepong	2.39	2.39
Lum Chang	0.99	1.03
Malayan Bankg	6.85	6.95
OCBC	7.15	7.20
OUB	3.98	4.02
OUE	5.25	5.30
Sembawang	4.44	4.70
Shangrila	6	6.25
Sime Darby	2.44	2.60
SIA	10.30	10.90
S'pore Land	5.55	5.55
S'pore Press	8.30	8.40
Sing Steamship	2.41	2.46
Straits Trading	2.50	2.55
UOB	5.10	5.20
United Overseas	1.33	1.35

Straits Times Ind.: 1122.74
Previous: 1148.39

Stockholm	Close	Prev
AGA	290	295
Alfa Laval	180	195
Asea	580	602
Astra -A	462	477
Atlas Copco	210	215
Electrolux B	168	170
Ericsson	200	211
Esselte-A	210	218
Handelsbanken	116	114
Pharmacia-A	N.Q.	—
Norsk Hydro	242	242
Saab-Scania	240	246
Sandvik	255	260
SCA-A	97	102
S-E. Banken	69	72.50
Skandia F	140	147
Skanska	375	390
SKF	98	99
Stora	256	258
Trelleborg B	122	130
Volvo	307	312

Affaersvaerlden Index: 976.73
Previous: 1009.60

Sydney	Close	Prev.
ANZ	4.16	4.18
BHP	10.90	11
Bond	N.Q.	—
Boral	3.08	3.15
Bougainville	1.05	1.01
Coles Myer	7.52	7.60
Comalco	4.27	4.32
CRA	10.55	10.80
CSR	4.74	4.80
Dunlop	4.55	4.55
Elders IXL	1.47	1.49
ICI Australia	3.91	3.95
Magellan	1.95	1.95
MIM	2.14	2.21
Nat Aust Bank	5.90	6.08
News Corp	8.96	9.60
N Broken Hill	2.10	2.23
Poseidon	2	2.12
QCT Resources	1.30	1.37
Santos	3.06	3
TNT	1.84	1.90
Western Mining	4.60	4.40
Westpac Banking	4.07	4.11
Woodside	3.28	3.26

All ordinaries Index: 1472.40
Previous: 1498.80

Market Closed

The Tokyo stock market was closed Monday for a holiday.

Toronto	Close	Prev.
Abitibi Price	N.Q.	15⅛
Agnico Eagle	N.Q.	7¼
Air Canada	8	8¼
Alberta Energy	N.Q.	19¼
Am Barrick Res	26¼	24⅝
BCE	35½	35⅝
BCED	0.14	0.15
Bk Nova Scotia	12⅛	12⅛
BC Gas	15⅛	15
BC Phone	16⅛	16⅞
BP Canada	22	20¾
Bramalea	6⅜	6¼
Brunswick	N.Q.	8⅛
CAE	5⅞	5⅞
Campeau	0.95	1
CIBC	22⅝	23⅛
Canadian Pacific	17⅝	18¼
Can Packers	9⅝	9½
Can Tire A	19⅛	19⅛
Cantor	22⅝	22⅜
Cara	15⅛	15⅛
CCL Ind B	8⅛	8½
Cineplex	3.15	3¼
Cominco	22⅜	23½
Conwest Expl A	N.Q.	—
Corona A	6⅛	6½
Denison Mn B	1.15	1.18
Dickenson Mn A	N.Q.	4⅛
Dofasco	17⅞	18⅛
Dylex A	N.Q.	7⅜
Echo Bay Mines	15⅛	14⅝
Equity Silver A	1.21	1¼
FCA Int'l	N.Q.	9⅛
Fed Ind A	9⅛	9½
Fletcher Chall A	13⅜	14
FPI	4.30	4.40
GoldCorp	4.80	4⅞
Gulf Cda Res	17	16⅝
Hees Int'l	16	16½
Hemlo Gld Mines	11⅞	11¾
Hollinger	10½	11
Horsham	9⅛	9⅛
Hudson Bay	N.Q.	5⅞
Imasco	31⅛	31⅞
Inco	31⅛	32¼
Interhome	48¼	47⅞
Jannock	13⅛	13½
Labatt	20⅛	20½
Loblaw Co	17	17
Mackenzie	6	6
Magna Int'l A	3	3.20
Maritime	17½	17½
Mark Res	12	11⅞
MacLean Hunt X	8⅛	8⅛
Molson A	31⅛	31⅞
Noma Ind A	5⅛	N.Q.
Noranda	16⅛	16⅝
Noranda Forest	8⅛	8⅝
Norcen Energy	27⅛	27½
Nova Corp	7½	7⅝
Oshawa	27⅛	27½
Pagurin A	6½	6⅛
Placer Dome	21	20
Poco Petroleum	8⅛	8⅛
PWA Corp	8⅛	8½
Quebec Sturgeon	0.70	N.Q.
Rayrock	9½	N.Q.
Renaissance	16⅛	15⅞
Rogers B	6⅛	6⅛
Rothmans	54	N.Q.
Royal Bank Can	20⅛	20⅛
Royal TrustCo	10⅛	10⅛
Sceptre Res	4.65	4.55
Scott's Hosp	N.Q.	12⅛
Seagram	85⅛	86⅛
Sears Can	10⅛	10⅛
Shell Can	40⅛	39⅞
Sherritt Gordon	7⅝	7½
SHL Systemhse	7	7⅛
Southam	17⅛	17⅛
Spar Aerospace	8⅝	8⅝
Stelco A	13⅛	13¼
Teck B	24½	24⅛
Thomson News	14⅛	14⅛
Toronto Dome	15⅛	15⅛
Torstar B	24⅛	24⅛
Transalta Util	11⅛	12
TransCda Pipe	15⅛	15⅛
Trilon Fin A	14⅛	14⅛
Trimac	N.Q.	7¼
Trizec A	13⅛	13⅛
Turbo Resources	0.34	0.34
Unicorp A	N.Q.	1¼
Woodward's Ltd	1.35	N.Q.

TSE 300 Index: N.A.
Previous: 3221.80

Zurich	Close	Prev.
Adia Int'l	925	940
Alusuisse	1040	1085
Leu Holdings	1410	1770
Brown Boveri	3910	4200
Ciba Geigy	2400	2500
CS Holding	1925	1950
Elektrow	3280	3210
Fischer	1360	1370
Interdiscount	3780	3820
Jacobs Suchard	5500	5600
Jelmoli	1710	1460
Landis Gyr	1220	1200
Moevenpick	4700	4950
Nestle	7140	7260
Oerlikon-B	700	725
Pargesa Hld	1050	1050
Roche Holding B	3330	3435
Safra Republic	54	57
Sandoz	1605	1640
Schindler	4900	5300
Sulzer	425	420
Surveillance	4400	4700
Swissair	630	635
SBC	298	302
Swiss Reinsur	2452	2469
Swiss Volksbank	1220	1240
Union Bank	2850	2930
Winterthur	3400	3440
Zurich Ins	3760	3770

SBS Index: 531.50
Previous: 543.50

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U.S. FUTURES

Via Associated Press Sept. 24

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.80	2.67¾	Dec	2.70½	2.75½	2.69½	2.75¾	+.05
3.85	2.82½	Mar	2.84½	2.89¾	2.83¾	2.89¼	+.05¼
3.73	2.91	May	2.93	2.98	2.92½	2.97¼	+.05¼
3.63	2.96½	Jul	2.98	3.03	2.98	3.03	+.04½
3.26	3.03	Sep	3.09	3.09	3.07	3.07	+.04
3.15	3.13	Dec				3.17	+.03
Est. Sales	Prev. Sales 5,808						
Prev. Day Open Int. 58,482 up 482							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
2.96½	2.21½	Dec	2.24½	2.28¾	2.22½	2.28¾	+.03
3.02½	2.30¾	Mar	2.34¼	2.38¾	2.32	2.38	+.03¼
3.06½	2.37½	May	2.40½	2.44¾	2.38	2.44¼	+.02¾
3.08¼	2.42½	Jul	2.44	2.47½	2.42	2.47¾	+.02
2.87½	2.41¾	Sep	2.43¾	2.45½	2.41¼	2.44½	+.00½
2.75	2.42½	Dec	2.46	2.49	2.42¾	2.45¼	+.00¼
		Mar	2.50	2.51	2.50	2.50	+.00¼
Est. Sales	Prev. Sales 28,108						
Prev. Day Open Int.208,754 off 1,080							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
6.82	5.64½	Nov	6.12	6.14½	6.06½	6.13½	+.02
6.92	5.87	Jan	6.26	6.28¾	6.21¼	6.28	+.01¾
7.03	5.65½	Mar	6.39	6.42	6.34½	6.41	+.01½
7.11	6.14½	May	6.48	6.51	6.43½	6.49½	+.01½
7.18	6.25	Jul	6.55	6.58¼	6.51	6.56	+.00¾
6.95	6.28	Aug	6.50	6.52	6.47	6.52	+.02
6.54	6.29	Sep	6.30	6.30	6.29	6.29	—.01
6.74	6.12½	Nov	6.24	6.24	6.20	6.23¾	—.00¼
Est. Sales	Prev. Sales 42,924						
Prev. Day Open Int.108,684 up 2,994							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
200.00	168.00	Oct	174.80	177.90	174.00	175.80	+.70
205.50	170.50	Dec	178.80	181.70	178.50	180.60	+1.40
204.00	171.50	Jan	181.20	183.50	180.40	182.20	+1.60
212.00	174.50	Mar	184.50	186.20	183.50	185.70	+1.30
208.00	175.80	May	186.20	187.50	185.50	187.10	+1.00
209.00	177.50	Jul	187.50	188.70	187.00	188.70	+1.10
195.00	176.50	Aug	187.00	188.00	187.00	187.50	+.40
193.50	175.50	Sep	187.00	187.50	186.50	187.10	+1.00
189.00	184.00	Oct	186.00	186.00	185.00	186.00	+2.00
189.00	182.00	Dec	186.00	186.00	185.00	186.00	+2.00
Est. Sales	Prev. Sales 25,585						
Prev. Day Open Int. 57,436 up 708							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.56	19.45	Oct	23.52	23.52	23.30	23.42	—.13
25.55	19.75	Dec	23.73	23.74	23.52	23.63	—.14
25.58	19.81	Jan	23.95	23.99	23.79	23.89	—.13
25.61	19.82	Mar	24.25	24.30	24.08	24.15	—.15
25.55	20.15	May	24.45	24.50	24.30	24.40	—.10
25.60	21.05	Jul	24.38	24.50	24.30	24.45	—.15
25.50	24.15	Aug	24.45	24.45	24.25	24.25	—.37
25.10	23.85	Sep	24.25	24.25	24.00	24.12	—.28
24.90	23.80	Oct				23.95	—.15
24.00	23.60	Dec				23.75	—.30
Est. Sales	Prev. Sales 12,405						
Prev. Day Open Int. 72,840 off 837							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
79.72	68.30	Oct	79.57	79.70	78.25	79.25	—.32
78.12	71.00	Dec	77.45	77.52	76.85	76.72	—.83
77.80	72.50	Feb	75.75	75.80	74.45	75.07	—.75
76.85	74.15	Apr	76.30	76.30	75.10	75.47	—.63
75.45	72.92	Jun	73.75	73.85	72.85	73.37	—.53
73.80	71.85	Aug	72.85	72.85	71.60	71.70	—.35
72.40	71.02	Oct	72.00	72.00	71.72	71.72	—.43
Est. Sales 25,354	Prev. Sales 12,111						
Prev. Day Open Int. 69,758 off 565							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
89.45	78.00	Sep	89.35	89.75	89.02	89.25	—.22
88.30	78.28	Oct	87.85	87.95	86.40	86.97	—.93
88.10	79.80	Nov	87.60	87.70	86.15	86.80	—.88
87.15	79.75	Jan	86.57	86.70	85.22	85.92	—.85
85.60	80.90	Mar	85.00	85.17	83.80	84.50	—.67
84.85	81.28	Apr	84.70	84.10	83.00	83.20	—.80
83.50	80.20	May	82.90	82.90	82.35	82.42	—.48
Est. Sales 2,270	Prev. Sales 769						
Prev. Day Open Int. 10,896 up 76							
HOGS (CME) 30,000 lbs.- cents per lb.							
55.70	40.80	Oct	55.00	55.25	53.80	55.15	+.30
55.45	44.25	Dec	53.55	53.70	52.35	53.07	—.38
52.95	45.25	Feb	51.00	51.00	49.65	50.20	—.15
48.80	43.60	Apr	47.05	47.27	46.50	47.00	+.13
51.85	47.70	Jun	50.90	51.00	50.40	50.65	—.20
51.08	48.38	Jul	50.80	50.90	50.25	50.75	—.15
49.20	46.90	Aug	49.50	49.50	49.00	49.25	—.15
44.50	42.90	Oct	44.00	44.00	44.00	44.02	—.03
Est. Sales	Prev. Sales 8,283						
Prev. Day Open Int. 27,966 up 1,488							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
63.65	48.97	Feb	56.30	56.80	55.10	56.40	+.25
62.95	49.28	Mar	56.50	56.80	55.25	56.62	+.35
63.00	49.50	May	56.50	56.50	56.00	57.30	+.40
59.00	50.75	Jul	57.80	57.80	56.10	57.35	+.45
57.15	51.60	Aug	54.70	54.70	54.70	55.00	
Est. Sales 4,332	Prev. Sales 3,176						
Prev. Day Open Int. 5,952 up 61							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
119.50	87.00	Dec	96.25	96.40	93.80	94.00	—3.50
114.75	83.00	Mar	98.90	98.90	96.90	97.20	—3.30
123.00	91.25	May	100.80	100.80	99.00	99.30	—3.20
111.50	92.75	Jul	102.00	102.25	101.50	101.90	—3.00
113.50	97.50	Sep	104.00	104.00	103.25	104.00	—2.25
116.00	.42	Dec	107.00	107.00	106.25	105.25	—3.25
Est. Sales 10,361	Prev. Sales 3,996						
Prev. Day Open Int. 37,899 off 207							
SUGAR WORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
16.13	9.78	Oct	10.80	11.22	10.76	10.96	+.06
15.22	9.73	Mar	10.48	10.96	10.46	10.66	+.13
15.05	9.80	May	10.49	10.93	10.48	10.70	+.16
14.90	9.88	Jul	10.49	10.93	10.48	10.72	+.19
14.40	.72	Oct	10.58	10.95	10.50	10.74	+.17
Est. Sales 34,306	Prev. Sales 18,477						
Prev. Day Open Int.110,899 up 792							
COCOA (NYCSCE) 10 metric tons-$ per ton							
1538	965	Dec	1308	1305	1287	1295	+35
1581	607	Mar	1344	1346	1331	1339	+35
1572	1000	May	1375	1377	1362	1369	+38
1590	1060	Jul				1398	+30
1515	1264	Sep	1430	1430	1430	1427	+30
1535	1325	Dec				1462	+30
Est. Sales 2,320	Prev. Sales 2,311						
Prev. Day Open Int. 47,721 off 45							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
199.50	124.00	Nov	136.00	138.00	136.00	136.75	+2.05
191.00	125.00	Jan	132.00	132.90	131.50	132.30	+1.90
198.50	127.73	Mar	132.25	133.70	132.25	132.75	+2.25
190.00	131.00	May	132.75	132.75	132.75	132.90	+2.05
180.00	131.50	Jul				132.50	+1.40
Est. Sales 500	Prev. Sales 278						
Prev. Day Open Int. 6,747 up 40							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER 25,000 lbs.- cents per lb.							
130.40	92.50	Sep	128.40	129.60	127.60	128.40	—.40
126.80	94.50	Oct	124.80	125.00	124.80	124.45	—1.35
127.80	94.50	Nov	121.20	121.20	120.70	120.75	—1.30
131.20	91.50	Dec	117.30	118.95	114.60	118.05	—1.00
126.40	94.00	Jan	115.50	115.80	115.50	114.25	—.70
115.50	99.50	Feb	113.80	113.80	113.80	114.05	—.15
122.60	92.30	Mar	112.75	113.50	112.00	113.05	—.30
115.50	99.85	Apr				111.90	—.45
117.80	97.00	May	109.90	111.00	109.60	110.65	—.25
108.20	102.30	Jun				109.40	—.15
113.50	96.50	Jul	107.80	108.50	107.50	108.15	—.35
		Aug				106.95	
110.50	95.50	Sep	105.40	105.60	104.60	105.65	+.05
108.50	94.50	Dec	102.70	103.20	101.80	103.65	+.05
		Jan				102.90	+.35
103.45	96.00	Mar	101.00	102.40	101.80	102.85	+.55
		May				102.85	+.65
		Jul				102.15	+.15
Est. Sales 8,993	Prev. Sales		Prev. Day Open Int. 32,654				Chg. +218
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
78.00	73.20	Sep				84.00	
		Oct				85.00	
		Nov				85.00	
80.80	75.00	Dec				85.00	
75.00	75.00	Jan				85.00	
75.00	75.00	Mar				85.00	
75.00	75.00	May				85.00	
75.00	75.80	Jul				85.00	
		Sep				85.00	
75.80	75.00	Dec				85.00	
75.00	75.00	Jan				85.00	
75.00	75.80	Mar				85.00	
		May				85.00	
		Jul				85.00	
Est. Sales	Prev. Sales						
Prev. Day Open Int.							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
760.0	469.5	Sep	481.0	484.0	481.0	491.5	+12.5
524.0	480.5	Oct				492.0	+12.5
		Nov				495.6	+12.5
742.0	478.5	Dec	489.0	501.0	487.5	499.5	+12.5
688.0	495.5	Jan				502.8	+12.6
665.0	489.8	Mar	500.0	511.0	500.0	510.3	+12.8
647.0	498.0	May	516.0	517.0	515.5	517.7	+13.1
667.5	505.5	Jul	513.5	522.5	515.5	525.2	+13.3
654.0	512.5	Sep	531.0	531.0	531.0	533.1	+13.5
685.5	522.0	Dec	535.0	544.8	535.0	544.4	+13.7
596.0	546.0	Jan				547.8	+13.8
613.0	537.5	Mar				555.2	+13.9
580.5	549.5	May				564.3	+14.1
557.0	557.0	Jul				572.6	+14.4
Est. Sales 19,000	Prev. Sales 7,634						
Prev. Day Open Int. 93,078 up 911							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
481.50	454.00	Sep	464.00	464.00	464.00	458.70	+6.60
560.50	446.00	Oct	451.00	461.80	449.10	460.70	+8.40
551.00	454.50	Jan	457.50	468.00	456.50	467.50	+8.50
554.50	461.80	Apr	464.50	473.50	464.50	473.80	+8.50
528.50	467.00	Jul				478.70	+8.50
513.00	476.70	Oct				484.20	+8.50
Est. Sales	Prev. Sales 3,451						
Prev. Day Open Int. 19,376 up 124							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
149.50	100.00	Sep				100.75	+.65
147.00	98.50	Dec	101.80	102.50	99.50	102.00	+.65
142.00	101.75	Mar	101.25	103.00	101.25	103.50	+.65
125.25	105.10	Jun	104.00	104.00	104.00	105.00	+.65
119.40	105.00	Sep	105.85	105.85	105.85	106.50	+.65
114.50	109.00	Dec				108.00	+.65
Est. Sales	Prev. Sales 172						
Prev. Day Open Int. 5,015 off 38							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
417.00	356.50	Sep	400.00	400.00	400.00	403.00	+13.40
472.00	352.50	Oct	392.00	404.20	392.00	403.80	+13.60
		Nov				406.00	+13.70
455.50	357.00	Dec	397.00	409.00	396.10	408.30	+13.80
527.50	362.80	Feb	402.00	413.50	400.40	412.80	+13.90
460.00	366.20	Apr	406.50	416.00	406.50	417.10	+14.10
446.50	372.00	Jun	409.70	420.00	409.70	421.40	+14.20
483.00	375.00	Aug	423.00	423.00	423.00	425.80	+14.30
476.00	385.00	Oct	423.70	423.70	423.70	430.40	+14.50
454.50	385.50	Dec	423.50	432.50	423.00	435.20	+14.70
483.00	392.00	Feb	429.00	429.00	429.00	440.40	+14.90
446.80	396.50	Apr				445.20	+15.10
447.00	426.80	Jun	441.50	441.50	441.50	450.40	+15.30
Est. Sales 30,000	Prev. Sales 40,157						
Prev. Day Open Int.114,043 up 2,848							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.39	91.61	Dec	92.97	93.05	92.91	92.96	—.04
93.28	91.66	Mar	93.01	93.10	92.98	93.03	—.04
93.06	91.52	Jun	92.89	92.98	92.87	92.93	—.02
92.97	91.40	Sep				92.90	
92.24	92.24	Dec				92.58	
Est. Sales 4,865	Prev. Sales 9,544						
Prev. Day Open Int. 34,954 up 166							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
97-31	93-27	Dec	93-17	93-17	93	93-6	—10
97-25	92-24	Mar	93	93-2	92-23	92-28	—12
93-28	93-18	Jun				92-20	—14
Est. Sales	Prev. Sales 20,696						
Prev. Day Open Int. 69,696 up 267							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
99-24	80	Dec	87-20	87-20	86-28	87-7	—14
99-12	79-21	Mar	86-31	87-1	86-16	86-26	—15
99-4	82-18	Jun	86-28	86-28	86-6	86-14	—15
99-5	85-31	Sep	86-11	86-11	85-29	86-3	—16
98-20	85-22	Dec	86-1	86-1	85-19	85-25	—16
98-13	85-14	Mar				85-16	—16
97-19	85-23	Jun	85-8	85-8	85-2	85-7	—16
92-12	87-14	Sep				84-31	—16
86-13	85-6	Dec				84-23	—16
Est. Sales	Prev. Sales 229,618						
Prev. Day Open Int.295,467 up 3,919							
MUNICIPAL BONDS (CBT) $1000x Index-pts & 32nds of 100 pct							
92-21	85-14	Dec	86-14	86-14	86-3	86-11	—8
89-29	85	Mar	85-12	85-12	85	85-4	—12
89-17	84-26	Jun				84-19	—12
88-5	84-7	Sep				84-2	—12
Est. Sales	Prev. Sales 2,697						
Prev. Day Open Int. 6,635 up 692							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
92.40	87.85	Dec	91.82	91.83	91.75	91.78	—.08
92.25	87.96	Mar	91.85	91.86	91.79	91.82	—.07
92.19	89.71	Jun	91.72	91.72	91.65	91.68	—.08
92.04	90.84	Sep	91.51	91.51	91.43	91.46	—.08
91.82	90.04	Dec	91.25	91.26	91.17	91.21	—.08
91.82	90.09	Mar	91.21	91.22	91.13	91.16	—.08
91.76	90.35	Jun	91.13	91.13	91.04	91.07	—.08
91.72	90.32	Sep	91.05	91.05	90.97	91.00	—.08
91.53	90.24	Dec	90.92	90.92	90.84	90.86	—.08
91.45	90.38	Mar	90.89	90.89	90.81	90.82	—.08
91.51	90.27	Jun	90.80	90.80	90.72	90.74	—.08
91.47	90.27	Sep	90.73	90.73	90.64	90.67	—.08
91.37	90.22	Dec	90.62	90.62	90.55	90.57	—.07
91.80	90.24	Mar	90.60	90.60	90.52	90.55	—.07
90.97	90.41	Jun	90.54	90.54	90.46	90.49	—.07
90.59	90.52	Sep	90.50	90.50	90.42	90.45	—.07
Est. Sales161,198	Prev. Sales144,387						
Prev. Day Open Int.636,358 up 5,858							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.9230	.0820	Dec	1.8558	1.8586	1.8478	1.8570	+410
1.8950	1.6610	Mar	1.8294	1.8310	1.8098	1.8304	+410
1.8300	1.7660	Jun	1.8000	1.8000	1.8000	1.8080	+410
Est. Sales 18,935	Prev. Sales 16,929						
Prev. Day Open Int. 23,998 up 570							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8734	.8050	Dec	.8603	.8626	.8598	.8609	+23
.8645	.7990	Mar	.8548	.8554	.8535	.8544	+23
.8576	.7995	Jun	.8483	.8483	.8483	.8486	+23
.8538	.7985	Sep	.8427	.8427	.8427	.8435	+22
.8255	.8255	Dec				.8388	+23
Est. Sales 3,947	Prev. Sales 5,801						
Prev. Day Open Int. 26,862 off 2,169							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6483	.5769	Dec	.6393	.6436	.6370	.6427	+93
.6474	.5820	Mar	.6388	.6422	.6370	.6419	+95
.6442	.6233	Jun	.6415	.6415	.6415	.6405	+93
		Sep				.6393	+93
		Dec				.6292	
Est. Sales 31,170	Prev. Sales 25,435						
Prev. Day Open Int. 48,041 up 597							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.007337	.006290	Dec	.007376	.007384	.007260	.007279	—42
.007328	.006315	Mar	.007373	.007376	.007259	.007272	—41
.007290	.006645	Jun	.007352	.007356	.007280	.007265	—40
Est. Sales 44,613	Prev. Sales 26,039						
Prev. Day Open Int. 61,478 off 1,185							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7965	.6380	Dec	.7682	.7748	.7647	.7729	+159
.7950	.6580	Mar	.7675	.7727	.7649	.7728	+161
.7930	.7065	Jun	.7655	.7655	.7645	.7726	+164
.7820	.6916	Sep				.7716	+166
Est. Sales 30,813	Prev. Sales 22,924						
Prev. Day Open Int. 27,769 off 396							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
203.10	185.50	Nov	186.30	186.30	183.90	184.30	—2.00
205.50	186.30	Jan	193.00	193.00	190.50	190.90	—2.40
206.10	191.00	Mar	196.60	196.80	194.50	195.40	—2.00
206.70	196.50	May	199.90	200.00	198.30	198.90	—1.20
Est. Sales 581	Prev. Sales 643						
Prev. Day Open Int. 2,950 up 38							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
82.05	.80	Oct	75.90	75.90	71.56	73.70	—1.95
77.00	62.80	Dec	72.60	72.61	71.04	71.14	—1.98
77.70	63.82	Mar	73.60	73.65	72.20	72.35	—1.85
77.40	64.40	May	73.80	73.80	72.42	72.85	—1.57
78.38	65.67	Jul	73.95	73.95	72.50	73.10	—1.30
72.85	67.70	Oct	69.25	69.25	69.25	69.25	—.15
69.10	66.40	Dec	67.75	67.85	67.60	67.75	—.18
		Mar				68.50	—.35
Est. Sales 16,580	Prev. Sales 5,026						
Prev. Day Open Int. 36,951 off 42							
HEATING OIL (NYME) 42,000 gal- cents per gal							
97.50	50.05	Oct	104.00	107.25	103.00	104.80	+6.79
96.89	51.15	Nov	98.66	98.66	98.66	98.66	+4.00
97.15	52.37	Dec	99.79	99.79	99.79	99.79	+4.00
96.00	52.95	Jan	98.78	98.78	98.78	98.78	+4.00
72.45	52.40	Feb	95.58	95.58	95.58	95.58	+4.00
85.10	49.30	Mar	87.58	87.58	87.58	87.58	+4.00
82.00	48.40	Apr	83.50	83.50	83.50	83.50	+2.62
81.80	48.80	May	83.19	83.18	81.50	81.50	+2.32
82.50	48.55	Jun	82.58	82.58	81.68	81.60	+3.10
77.25	52.45	Jul	82.08	83.00	82.08	83.00	+3.92
78.50	72.00	Aug	84.28	84.28	84.28	84.28	+4.00
Est. Sales	Prev. Sales 18,587						
Prev. Day Open Int. 97,552 off 1,540							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
35.60	17.30	Nov	37.25	39.20	36.91	38.25	+2.82
33.32	17.80	Dec	34.82	34.82	34.82	34.82	+1.50
32.15	17.87	Jan	33.45	33.45	33.45	33.45	+1.50
31.05	18.15	Feb	32.55	32.55	32.55	32.55	+1.50
30.08	18.40	Mar	31.58	31.58	31.58	31.58	+1.50
29.23	18.03	Apr	30.54	30.54	30.40	30.54	+1.50
28.50	18.00	May	29.72	29.72	29.50	29.72	+1.50
27.90	16.65	Jun	28.20	29.05	28.50	29.05	+1.50
27.67	17.88	Jul	28.20	28.55	28.20	28.25	+1.20
27.40	18.70	Aug	26.90	28.16	26.90	27.90	+1.34
27.34	19.10	Sep	27.00	27.43	27.00	27.10	+.77
27.20	19.40	Oct	27.00	27.00	26.58	27.00	+.97
26.95	19.10	Nov	26.38	26.60	26.30	26.60	+.81
27.00	19.65	Dec	26.10	26.58	26.00	26.30	+.72
26.80	20.50	Jan	25.90	26.15	25.90	26.15	+.76
26.18	21.23	Feb	25.90	25.95	25.50	25.85	+.63
25.48	22.40	Mar	25.70	25.75	25.50	25.75	+.68
24.95	24.95	Apr	25.70	25.70	25.45	25.45	+.53
Est. Sales	Prev. Sales111,383						
Prev. Day Open Int.258,421 off 7,391							

Commodity Indexes

	Close	Previous
Moody's	1,093.90 f	1,093.40 f
Reuters	1,787.80	1,801.50
D.J. Futures	131.54	131.75
Com. Research	239.04	237.85

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
376.90	308.65	Dec	313.00	313.00	305.10	307.30	—7.20
380.20	312.00	Mar	315.50	315.50	308.00	309.90	—7.40
382.35	314.00	Jun	311.20	311.20	311.20	313.90	—6.30
Est. Sales	Prev. Sales 53,654						
Prev. Day Open Int.179,582 up 1,902							
VALUE LINE (KCBT) points and cents							
302.10	235.25	Dec	234.75	234.75	228.00	228.80	—7.45
309.80	251.00	Mar				231.40	—7.65
254.35	254.00	Jun				234.00	—7.65
Est. Sales	Prev. Sales 188						
Prev. Day Open Int. 936 off 397							
NYSE COMP. INDEX (NYFE) points and cents							
206.50	169.25	Dec	172.00	172.00	167.60	168.65	—4.15
207.80	172.25	Mar	173.40	173.40	171.20	170.05	—4.20
192.25	175.75	Jun	173.60	173.60	173.60	171.45	—4.20
Est. Sales	Prev. Sales 6,388						
Prev. Day Open Int. 4,412 off 2,645							

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Kuwaiti Agency Sells an Asset

Compiled by Our Staff From Dispatches

LONDON — The Kuwaiti exile government's investment arm made its first known sale on Monday of a Kuwaiti holding since Iraq invaded the country on Aug. 2.

Brierley Investments Ltd. said it had bought a 10.1 percent stake in Mount Charlotte Investments PLC, a British hotel concern, from the Kuwaiti Investment Office for £64.8 million ($121 million). Brierley Investment is controlled by the New Zealand financier Sir Ron Brierley.

The Kuwait Investment Office has a massive portfolio worth up to $100 billion, including major holdings in British, West German and Spanish companies.

Kuwait's finance minister in exile, Sheikh Ali al Khalifa al Athbi as Sabah, said at a London news conference Friday that his government was managing to make do with its liquid assets, and if any asset sale were required, "We can handle it with the cooperation of central banks in an orderly and responsible manner."

World governments have frozen Kuwait's assets to protect them from plunder by Iraq, but Sheikh Ali said they had allowed exiled Kuwaiti institutions to operate "as freely as is prudent."

Brierley Investments Ltd. said it paid 73 pence per share for the 88.8 million shares owned by the Kuwait Investment Office.

U.K. Prudential to Sell Its Belgian Subsidiary

Reuters

LONDON — Prudential Corp. said Monday that it had agreed to sell its Belgian subsidiary, Compagnie d'Assurance de l'Escaut SA, to Assurances Générales de France for £157 million ($283 million) in cash. Prudential said the transfer of ownership would take place Friday.

As of Dec. 31, 1989, Prudential's consolidated accounts included £101.7 of net assets and a £12.3 million pretax profit attributable to l'Escaut. L'Escaut is a medium-size insurance company that had gross premiums last year of 4.7 billion Belgian francs ($144.8 million).

The purchase lifted Brierley Investment's Mount Charlotte stake to 39.9 percent and forced the company under British takeover rules to make a bid for all of Mount Charlotte.

Brierley's offer of 73 pence a share values the target company at £644 million.

Mount Charlotte called the offer both derisory and opportunistic and said it did not take into account the company's net asset value of 122 pence per share.

Mount Charlotte's shares rose 11 pence to 70.5 pence on the London Stock Exchange.

Mount Charlotte, which owns and operates 100 hotels, had after-tax profit of £38.8 million on sales of £155.5 million last year.

The company became Britain's second largest hotel group with the purchase last year of Thistle Hotels from Scottish & Newcastle Breweries PLC for £645 million.

Brierley Investments, quoted on the London, New Zealand and Australian stock markets, is an investment company with holdings in a diverse range of industries and markets. *(AP, Reuters)*

Continental Calls Pirelli Bid 'Hostile'

Compiled by Our Staff From Dispatches

HANNOVER, West Germany — Continental AG's management board chairman, Horst Urban, said Monday that his company views Pirelli SpA's offer to merge the two groups tire activities under Pirelli's control as "a hostile takeover attempt despite all assurances to the contrary."

Mr. Urban told journalists that "We reject the offer in this form, but are offering Pirelli further talks."

He said any further negotiations needed to take the two company's different sizes into account. Pirelli's tire sales total around 6 billion Deutsche marks ($3.8 billion) annually, compared to Continental's 10 billion DM.

(Reuters, AFP)

Portugal Tightens Grip On Escudo Speculation

The Associated Press

LISBON — The Bank of Portugal announced Monday restrictions on forward escudo deals so as to block speculative capital inflows and tighten its grip on an overheated economy.

The announcement came on the heels of a decision Friday to allow the escudo to fluctuate more freely. That move also aimed to deter capital inflows, which have bloated Portugal's money reserves and undermined central bank control over inflation.

Bank of Portugal officials said that from Oct. 1 the escudo forward market can only be used to hedge exchange or interest rate risks involved in foreign trade or investment deals.

The forward market allows dealers to promise to buy or sell a currency at a set rate to protect themselves from exchange rate swings and other risks.

All purely financial forward escudo transactions between domestic and foreign institutions will be banned indefinitely, central bank officials said.

Simultaneously, the Bank of Portugal is liberalizing forward purchases of escudos tied to foreign trade or investment. Until now, only sales were permitted in the forward market.

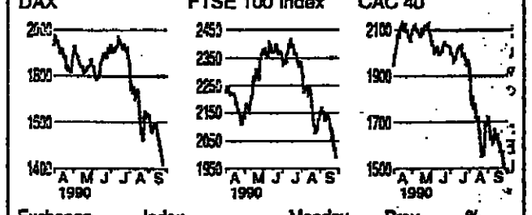
"Monday's measures aim to reduce the access of institutions based abroad to Portugal's money markets and to make our monetary policy tools more effective," said Vitor Bento, assistant director at the central bank's foreign department.

The restrictions run counter to the government's planned liberalization of Portugal's financial market.

Foreign capital inflows of about $5 billion in the first nine months of the year have been far above target, central bankers say.

A 90-day freeze on swap operations in escudos between domestic and foreign institutions was due to expire this week. Monday's announcement effectively extends part of that freeze indefinitely.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	CBS Trend	94.30	97.40	-3.18
Brussels	Stock Index	5047.94	5113.75	-1.29
Frankfurt	DAX	1416.05	1446.57	-2.11
Frankfurt	FAZ	607.08	611.02	-0.64
Helsinki	UNITAS	432.50	439.70	-1.64
London	Financial Times 30	1508.00	1537.30	-1.91
London	FTSE 100	1990.30	2025.50	-1.74
Madrid	General Index	216.31	221.20	-2.21
Milan	MIB	818.30	828.50	-1.23
Paris	CAC 40	1502.80	1543.53	-2.64
Stockholm	Affarsvarlden	976.73	1009.60	-3.26
Vienna	Stock Index	473.82	505.15	-6.20
Zurich	SBS	531.50	543.50	-2.21

Sources: Reuters, AFP

International Herald Tribune

Rodamco Stops Buying Its Shares

Reuters

ROTTERDAM — The Dutch real estate investment fund Rodamco NV, part of the large Robeco NV group, said Monday it would stop buying back its own shares because it could not finance the transactions any more.

"During the past nine months the company has bought back more than 20 percent of its outstanding share capital for an amount of about 2.3 billion guilders ($1.3 billion)," the company said in a statement.

"We think it is not responsible to assume that the supply flood of our shares will diminish quickly," it added.

Rodamco up to now was committed to buying back its own shares if shareholders wanted to dispose of them.

The Amsterdam Stock Exchange suspended trading in Rodamco until Wednesday. On Friday the share closed at 73.30 guilders.

In its statement, Rodamco said if it continued buying its shares it would either have to take up sizeable loans against high interest rates or sell a large part of its property while the real estate market is in a slump.

"We are confident our decision is in the interest of our shareholders," Rodamco said. A spokesman for the company said he did not know how long the fund would refuse to buy back its shares but added it would seek a solution to appease shareholders.

Rodamco said its own assets totaled 8 billion guilders and it had less than 700 million guilders in long-term loans.

"Rodamco is a solid investment company with a commercial real-estate portfolio of high quality, well spread out over a large number of countries," it said.

Rodamco added other Robeco funds would continue to buy back shares on a daily basis.

The decision to stop the practice of buying back shares at a value close to a daily estimate of the intrinsic value of the stock based on real estate valuations follows a series of setbacks for Rodamco.

In June the company said its investment profit in the 1990 financial year had dropped to 562 million guilders from 837 million in the previous financial year, and said it expected to make a loss on U.K. real estate. About 31 percent of Rodamco's property is in the U.K.

In March, the company said it had made losses because it had invested its excess liquidity of about 3.6 billion guilders in bonds that fell in price due to rising interest rates.

In 1988, Rodamco took center stage in the U.K. financial scene with a hostile takeover bid for Hammerson Property Investment & Development Corp. It lost the battle when Standard Life Assurance Co. intervened.

After the Hammerson defeat, some Rodamco executives left the fund. In July 1989, Rodamco denied rumors it wanted to acquire Slough Estates PLC of U.K.

West Germany's Düsseldorf stock exchange also suspended trading in Rodamco shares until Wednesday. A spokesman said the suspension was coordinated with the Amsterdam bourse.

Trump Has Sold Amels Shipyard In Netherlands

The Associated Press

MAKKUM, Netherlands — Donald J. Trump, the American financier, sold the Amels BV shipyard here, which was building him the largest yacht in the world, two months after buying it, the shipyard confirmed Monday.

Mr. Trump was forced to sell Amels because of financial troubles afflicting his investment empire, the Amels bookkeeper, Andries Bosma, said.

Mr. Bosma said the shipyard was sold in late July to Peter Kutell, an American businessman. Announcement of the sale was withheld until it appeared in a Dutch newspaper Monday.

Earlier this year, Mr. Trump halted construction of the Trump Princess II, a $230-million yacht being built at Amels. Mr. Bosma confirmed that the yacht's construction was "stopped for lack of money."

JAPAN: *Banks See Profit Falling After Stock Decline and Gulf Crisis*

(Continued from first finance page)

the booming Japanese banks would have no difficulties meeting the standard. Now they are facing the prospect of having to shrink to make the minimum or paying steep rates for the fresh capital they need to grow.

In Japan, unlike in America, banks are allowed to build up huge stock portfolios by acquiring up to 5 percent of industrial and other concerns. They can also count 45 percent of the value of those stocks as capital.

When the Tokyo market was soaring, the banks' capital received a fillip. But when the market fell sharply, their capital levels shrank. And with stock prices sliding, the Japanese banks are also no longer able to raise capital by issuing shares as they had before; in the previous two years, they raised more than $60 billion in capital by selling securities.

Making matters worse, about half the profits earned by Japanese banks in recent years came not from lending money, but from selling some of the shares held in their swollen stock portfolios.

The downturn in the Tokyo market also comes at a time when the banks' traditional lending business to companies is being eroded. Japanese corporations have grown so wealthy that they do not need large bank borrowings: when they do want capital, they generally go to the securities markets.

"The core lending business of Japanese banks is simply not profitable any more," said Robert Zielinski, a senior analyst with Jardine Fleming Securities. "The stock market was a kind of drug they lived off of. They have now been cut off from their opium."

Real estate lending, especially in Tokyo, was another booming business for Japanese banks in recent years. But the steep increases in interest rates are threatening to undermine the property market, on which tens of billions of dollars of bank loans rest.

Although few people are expecting a sudden huge decline, a drop of 10 to 15 percent a year for several years could reduce bank profits significantly, analysts say.

To be sure, Japanese banks are likely to remain big and tough internationally. However, they are facing the challenge of an emerging European market and a downtrend in the United States with their balance sheets in a weakened state.

At this stage, government officials have said there is no effort to ease the Bank for International Settlement capital rules.

But clearly, some banks — most of which have now slipped under the 8 percent capital minimum — are using the squeeze as an excuse to try to argue away the bothersome new guidelines rather than bite the bullet and shrink.

Easing the rules is an enticing notion not only for Japan. American officials, threatened with a slowdown of Japanese capital investment just as the country slips toward a recession, might also find a postponement worth considering to avoid a painful credit crunch in the United States.

Several Japanese bankers said that no matter who initiated such a move, they would welcome a postponement of the 8 percent capital standard.

"From the beginning, I had some doubts about it," said Mr. Kurosawa of the Industrial Bank of Japan, echoing comments made privately by several other leading bankers here.

Mr. Kurosawa said his bank would not cut back on its lending in the United States, but he made clear it would examine lending proposals with a more critical eye.

An official at the Bank of Tokyo, which has extensive operations in the United States, said it would not be pulling back but that the combination of the weaker American economy and the capital shortage would certainly slow the bank's overseas growth.

"It's not such an easy market in the United States to expand in today," said Masaharu Hamakawa, deputy general manager of the planning department at the Bank of Tokyo.

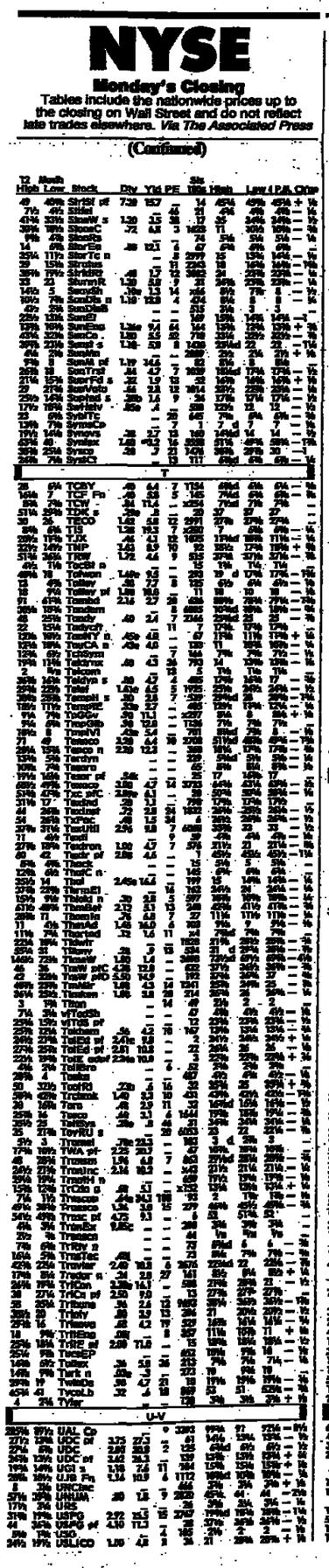
"This is a testing time," he added. "It's going to take a little time to adjust."

NYSE

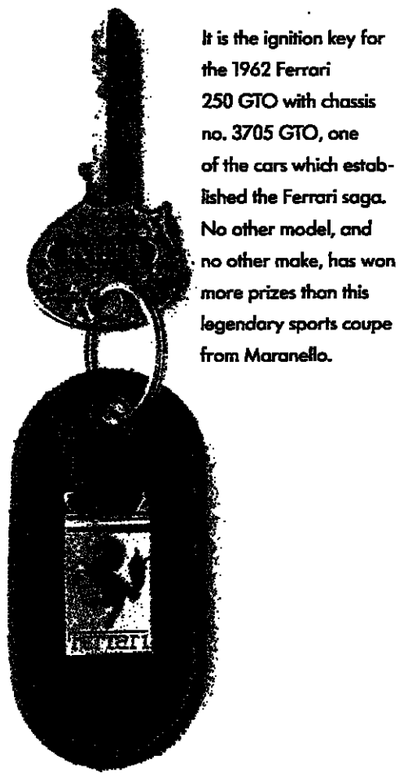
Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)



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AMEX

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
		A								
10¾	7⅝	AIM Str	.96	12.0	–	109	8	7⅞	8	+ ⅛
3¾	¾	AIM Tel	–	–	–	25	1	1	1	–
12⅝	4¼	AMC	–	–	–	50	4¼d	4	4	–
2	⅛	AM 1 wt	–	–	–	1	⅜	⅜	⅜	–
2¾	⅞	ARC	–	–	–	1176	1⅛	⅞	1	– ⅛
25¾	6⅞	AT&E	–	–	–	609	8⅝	7⅞	8⅝	+ ½
1⅝	⅜	ATTC wt	–	–	–	100	⁷⁄₁₆	⁷⁄₁₆	⁷⁄₁₆	–
13½	4⅜	ATI	–	–	8	100	5	4¾	4⅞	– ¼
62¼	45¾	ATT Fd	2.44e	5.0	–	31	48½	47⅞	48⅜	– ⅜
14¾	7⅝	Ablomd	–	–	–	82	7 d	6½	6⅝	– ⅜
11½	2⅝	AckCom	–	–	–	42	3⅝	3½	3½	– ⅛
7⅝	4	AcmeU	.10e	1.8	–	11	5⅝	5⅝	5⅝	– ⅛
4½	2	Action	–	–	–	75	3	3	3	+ ⅛
17⅞	6½	Acton	–	–	–	19	7½	7¼	7¼	– ½
2½	1½	AdmRs	–	–	4	3	1⅝	1⅝	1⅝	–
14¼	5⅝	AdvMed	–	–	–	205	8⅝	8¼	8¼	– ⅜
8	6	AdMd pf	1.00	15.1	–	4	6⅝	6⅝	6⅝	– ⅛
30⅜	15¾	AirWat	–	–	–	512	16⅝	16	16	– ¾
18¾	14¼	AirExp	–	–	8	18	14⅞	14⅝	14⅞	–
12⅝	3⅞	Alrcoa	2.16	45.5	–	23	5½	4⅝	4¾	– ½

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
23⅛	10⅝	Estgo	2.45e	19.6	4	34	12½	12⅛	12½	+ ⅛
21¼	10⅝	EchoBy	.07	.5	334	4163	13⅝	13⅛	13⅝	+ ⅜
20⅝	10⅝	EcolEn	.18	1.2	13	30	14⅞	14⅝	14⅝	– ¼
21¾	13	Edisto n	–	–	–	1026	18	17¾	17¾	– ⅛
19½	15¼	Edist pf	2.60	14.1	–	x36	18⅜	18⅛	18⅜	+ ⅛

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
49½	43½	PcEn pf	4.50	10.2	–	z20	44	44	44	– 1½
51½	46½	PcEn pf	4.75	10.3	–	z30	46¼	46¼	46¼	– ¼
17⅞	15¾	PGEplA	1.50	9.4	–	7	16⅛	16	16	– ¼
14¼	13	PGEplD	1.25	9.3	–	2	13⅝	13⅜	13⅜	– ¼
14⅜	13⅛	PGEplE	1.25	9.3	–	2	13½	13½	13½	– ¼
28¾	26½	PGEplW	2.57	9.4	–	7	27⅝	26⅞	27¼	–
26¼	23⅝	PGEplV	2.32	9.3	–	7	25	25	25	–
27⅝	26	PGEplT	2.54	9.5	–	3	26⅞	26⅞	26⅞	– ⅛
26¾	24⅜	PGEplR	2.37	9.3	–	7	25½	25⅜	25½	– ⅛
23⅝	21¼	PGEplP	2.05	9.3	–	3	22⅛	22⅛	22⅛	–
22⅛	20⅝	PGEplO	2.00	9.4	–	9	21¼	21¼	21¼	– ⅛
22	20½	PGEplM	1.96	9.4	–	13	21⅛	20⅞	20⅞	– ¼
25½	23¼	PGEplL	2.25	9.5	–	3	23⅝	23⅜	23⅜	– ¼
23⅜	21⅝	PGEplK	2.04	9.3	–	13	22	21⅞	22	– ⅛
25⅝	23⅝	PGEplJ	2.32	9.6	–	8	24⅛	24⅛	24⅛	–
13	11⅝	PGEplI	1.09	9.1	–	1	12	12	12	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

NASDAQ

Monday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
		A								
34⅝	22½	A&W Bd	–	–	18	1586	24	22½	22½	– 1¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

REPUBLIC NEW YORK CORPORATION

Consolidated Statements of Condition

(Dollars in Thousands)

Assets	June 30, 1990	June 30, 1989
Cash and due from banks	$ 318,920	$ 288,222
Interest bearing deposits with banks	8,862,201	10,616,077
Precious metals	385,230	206,047
Investment securities	6,352,911	4,367,763
Trading account assets	59,487	140,038
Federal funds sold and securities purchased under resale agreements	731,009	94,772
Loans, net of unearned income	8,923,169	6,034,474
Allowance for possible loan losses	(253,137)	(173,951)
Loans (net)	8,670,032	5,860,523
Customers' liability on acceptances	2,010,434	2,253,065
Premises and equipment	386,659	369,333
Accrued interest receivable	336,758	335,597
Investment in affiliate	485,022	466,286
Other assets	600,217	718,499
Total assets	$29,198,860	$25,716,222

Liabilities and Stockholders' Equity	June 30, 1990	June 30, 1989
Non-interest bearing deposits:		
In domestic offices	$ 830,776	$ 737,025
In foreign offices	71,967	80,923
Interest bearing deposits:		
In domestic offices	9,773,469	7,681,286
In foreign offices	8,570,211	7,707,456
Total deposits	19,246,423	16,206,690
Short-term borrowings	2,584,910	1,630,098
Acceptances outstanding	2,017,390	2,259,997
Accrued interest payable	230,703	278,404
Due to factored clients	448,879	327,972
Other liabilities	647,686	683,279
Long-term debt, excluding perpetual capital notes	2,256,724	2,718,919
Perpetual capital notes – constituting primary capital	150,000	150,000
Stockholders' Equity:		
Cumulative preferred stock, no par value	309,425	309,425
Common stock, $5 par value 50,000,000 shares authorized; 34,630,834 shares outstanding in 1990 and 30,234,113 in 1989	173,154	151,171
Surplus	533,925	380,858
Retained earnings	599,641	619,409
Total stockholders' equity	1,616,145	1,460,863
Total liabilities and stockholders' equity	$29,198,860	$25,716,222

The portion of the investment in precious metals not hedged by forward sales was $12.0 million and $8.0 million in 1990 and 1989, respectively.

Summary of Results (in Thousands Except Per Share Data)	Six Months Ended June 30, 1990	Six Months Ended June 30, 1989	Three Months Ended June 30, 1990	Three Months Ended June 30, 1989
Net income	$ 97,091	$ 85,544	$ 52,646	$ 43,765
Cash dividends declared on common stock	$ 21,396	$ 19,288	$ 11,428	$ 9,675
Per common share:				
Net income	$ 2.74	$ 2.45	$ 1.43	$ 1.25
Cash dividends declared	$ .66	$ .64	$ .33	$ .32
Average common shares outstanding	31,655	30,072	33,082	30,103

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SAFRA REPUBLIC HOLDINGS SA

LUXEMBOURG

Consolidated Statements of Condition

(in thousands of US$ except per share data)

Assets	June 30, 1990	June 30, 1989
Cash and due from banks	64,003	$ 51,399
Interest bearing deposits with banks	3,039,170	2,332,099
Precious metals	1,425	1,512
Investment securities	2,708,979	1,283,252
Trading account securities	13,909	11,985
Loans, net of unearned income	1,144,936	818,172
Allowance for possible loan losses	(7,215)	(6,078)
Loans (net)	1,137,721	812,094
Customers' liability on acceptances	39	165
Premises and equipment	50,306	45,535
Accrued interest receivable	121,144	93,422
Other assets	47,034	38,094
Total assets	7,183,730	4,669,557

Liabilities and Shareholders' Equity	June 30, 1990	June 30, 1989
Client deposits	4,786,459	2,555,557
Bank deposits	1,178,249	985,273
Total deposits	5,964,708	3,540,830
Short-term borrowings	34,938	39,162
Acceptances outstanding	39	165
Accrued interest payable	80,285	39,355
Other liabilities	40,183	21,244
Long term debt	64,481	68,298
Shareholders' Equity:		
Common stock	89,155	89,155
Surplus	819,578	819,851
Retained earnings	90,363	51,497
Total shareholders' equity	999,096	960,503
Total liabilities and shareholders' equity	7,183,730	4,669,557

Summary of Results	Six Months Ended June 30, 1990	Six Months Ended June 30, 1989	Three Months Ended June 30, 1990	Three Months Ended June 30, 1989
Net income	34,205	30,517	17,505	15,401
Net income per share	US$ 1.92	US$ 1.71	US$ 0.98	US$ 0.86
Average shares outstanding (in thousands)	17,831	17,831	17,831	17,831

Safra Republic Holdings S.A.
32, Boulevard Royal – 2449 Luxembourg – Tel. 4793 31 310 – Fax 4793 31 226 – Telex 3320 RNBNY LU

Banking Subsidiaries
Republic National Bank of New York (Suisse) S.A.: Head office in Geneva and branches in Lugano, Zurich and Guernsey
Republic National Bank of New York (France) S.A.: Head office and 3 branches in Paris and 1 branch in Monaco
Republic National Bank of New York (Luxembourg) S.A.: Head office in Luxembourg
Republic National Bank of New York (Guernsey) Ltd.: Head office in St. Peter Port
Republic National Bank of New York (Gibraltar) Ltd.: Head office in Gibraltar

Affiliate
Republic National Bank of New York in New York and 28 business centers around the world

REPUBLIC NEW YORK CORPORATION OWNS 48.6% OF SAFRA REPUBLIC HOLDINGS SA, WHICH IS ACCOUNTED FOR BY THE EQUITY METHOD. ON A COMBINED BASIS TOTAL CAPITAL, INCLUDING MINORITY INTEREST AND SUBORDINATED DEBT, EXCEEDS US$2.8 BILLION.

— ADVERTISEMENT —

INTERNATIONAL FUNDS

September 24, 1990

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.
The marginal symbols indicate frequency of quotations supplied: (d) – daily; (w) – weekly; (b) – bi-monthly; (r) – regularly; (t) – twice weekly; (m) – monthly

ABACUS FUNDS
(m) Abacus Fund Ltd. $ 10.1806
(b) Abacus Guart.Fd. Mar.'94 $ 10.18
(m) Abacus Guart.Fd. July'95 $ 10.14
ABC INVESTMENT & SERVICES CO (E.C)
(m) ABC FUTURES FUND LTD $ 103.58
ABN BANK 1.0.88, P.O. Box 447, Amsterdam
(w) ABN-Aandelenfonds FL 67.24
(w) ABN-Beleggingsfonds Ned. FL 55.44
(w) Aldelta [illegible]
(w) Alrenta FL 150.20
(w) America-Fund (LE) $ 151.22
(w) Asian Tigers Fund $ 23.77
(w) LDC Risk Inv.fund $ 103.22
(w) Trans Europe Fund FL 71.50
(w) Trans Europe Fund $ 48.59
AIG FUND MANAGEMENT LTD.
(d) AIG Amer.Eq.Trust $ 21.33
(d) UBZ Euro Optimizer ECU 9.53
ALFRED BERG
(w)-Berg Norden Sicav $ 153.81
-Alfred Berg Sicav:
(w)-Global $ 123.89
(w)-Germany $ 128.71
(w)-Switzerland $ 104.09
(w)-Netherlands $ 93.51
AL-MAL BANK LIMITED.
(w) Investment Units $ 101.65
(w) Currency Units $ 115.97
ALPHA ASSET MANAGEMENT LTD.
(m) Alpha Arbitrage Fund $ 262.28
(m) Alpha Futures Fund Ltd. $ 139.60
(m) Alpha Global Fund $ 438.83
(m) Alpha Hedge Fund $ 334.45
(m) Alpha Pacific Fund Ltd. $ 270.16
(m) Alpha Short Fund Ltd. $ 122.15
(m) Curran-Alpha Hlth Care Fd $ 261.84
(m) Nicholas-Applegate Hse Fd $ 117.82
(w) Heisei Japan Fund Y 15,027.00
(w) Nicholas-Applegate Aurelia $ 146.06
ARRAL ASSOCIATES LTD
(w) Arral Int'l hedge Fund $ 85.37
(w) Arral Asian fund $ 119.52
BA GATEWAY FUND
(b) Belgium Fixed Income BFr 10090.80
(b) Germany Fixed Income DM 98.26
(b) Netherlands Fixed Income FL 99.77
(b) US Dollar Fixed Income US$ 104.51
(b) Japan Equity Y 10488.00
(b) Pacific Equity US$ 92.02
(b) Intl Portfolio 'A' US$ 97.99
(b) Intl Portfolio 'B' ECU 95.51
BAII MULTICURRENCY
(r) Multicurrency US$ $ 1,292.91
(r) Multicurrency Ecu ECU 1,282.12
(r) Multicurrency Yen Y 278,808.00
(r) Multicurrency FFR FF 10,948.57
BEARBULL
(w) BB Futures Ltd. $ 1,348.70
(w) BB Forex Ltd. $ 1,137.49
BNP INTERFUNDS
BNP LUXEMBOURG
(w) INTERBOND FUND. $ 282.01
(w) INTERBELGIAN FB 55,182.00
(w) INTERECU FUND 'A' ECU 255.47
(w) INTERECU FUND 'B' ECU 1068.90
INTER CASH
(t) France Securite FF 12,778.98
(t) France Monetaire FF 10,981.40
(t) ECU ECU 1,414.95
(t) US$ $ 1,882.64
(t) DM DM 2,157.52
(t) GBP £ 1,071.18
(t) FRF FF 14,869.76
(t) France Capital FF 11,645.44
INTER OPTIMUM
(w) BEF/LUF FB 73,258.80
(w) Multidevises DM DM 2,819.47
(w) US$ $ 1,080.40
(w) FRF FF 10,471.58
INTER STRATEGIE
(w) France FF 8,963.72
(w) Europe du Nord £ 921.34
(w) Europe du Centre DM 1,851.13
(w) Europe du Sud ECU 933.40
(w) Japon Y 140,316.00
(w) Amerique du Nord $ 978.60
(w) Sud-Est Asiatique $ 834.18
BNP JERSEY
INTER CURRENCY
(w) US$ $ 11.7926
(w) DM DM 22.9433
(w) GBP £ 12.4703
(w) International Managed $ 11.6214
INTER EQUITY
(w) French Offer $ 16.49
(w) Pacific Offer $ 19.33
(w) North American Offer $ 11.05
(w) European Class $ 18.57
(w) Australia Class $ 18.65
BANQUE BELGE ASSET MGMT FUND
Share Distributor Guernsey 0481 726614
(w) Int'l Equity Fund (Sicav) $ 18.46
(w) Int'l Bond Fund (Sicav) $ 12.02
BANQUE INDOSUEZ
(w) Asian Growth Fund $ 30.23
(w) Asian Income Fund $ 8.80
(w) Diverbond SF 74.52
(m) Dual Futures Fd. Class A Units $ 109.50
(m) Dual Futures Fd. Class B Units $ 104.47
(m) Dual Futures Fd. Class C Units $ 104.55
(m) Dual Fut. Fd. Class D Units $ 104.57
(w) FIF-Internat. Div.A $ 18.88
(w) FIF-Internat. Div.B $ 19.87
(w) FIF Internat. America $ 15.79
(w) FIF Internat.Europe $ 30.07
(w) FIF Internat.Japan Y 963.00
(w) FIF Internat.Pacific $ 42.70
(w) FIF Int.Singapore+Malay. SGS 7.94
(w) FIF Int. Nat. Res. A $ 12.85
(w) FIF Int. Nat. Res. B $ 13.18
(w) FIF Int. Switz. SF 88.52
(w) France International FF 87.08
(w) France Blue chips No 1 FF 105,544.85
(m) Galaxy Futures Fd Ltd $ 4,714.84
(w) Gestion Selective FF 115.18
(w) Himalayan Fund $ 4.253
(d) Indosuez Australia Fund $ 16.52
(d) Indosuez Hong Kong Fund $ 132.70
(w) Indosuez Mult. Div. A $ 397.46
(w) Indosuez Mult. Div.B $ 118.90
(w) Indosuez Multibonds US$ $ 186.12
(w) Indosuez Multibonds YEN Y 10,352.00
(w) Indosuez Mult. DM DM 11.125
(w) Intl Bond Fund $ 1120.80
(w) IPNA-3 $ 870.00
(w) ISA Japan Res. Gr. Fd. Y 13.425
(d) Japan Fund $ 4.83
(d) Japan Warrant Fund $ 15.41
(w) Malacca Fund $ 17.21
(w) Managed Trust $ 7.12
(w) Manila Fund $ 7.82
(d) New Zealand Fund $ 31.77
(w) North American Fund $ 40.77
(d) Oriental Ventures Trust $ 12.86
(w) Pacific Gold Fund HK$ 28.65
(w) Pacific Trust $ 6.885
(d) Pacific Warrant Trust $ 9.18
(w) Precious Metals Trust $ 95.79
(w) The Dragon Fund Sicav $ 21.58
(w) The Siam Fund $ 12.485
(w) Sing. & Malay. Trust $ [illegible]
(d) Worldwide Growth Fund $ [illegible]
BANQUE PRIVEE E. DE ROTHSCHILD
(w) Daiwa Capital E. Fund $ 958.14
(w) Daiwa LCF Rothschild $ 1,024.04
(w) Ecu D'Or ECU 77.63

(w) Hispano Int'l Fund ECU 18.82
(b) Pri-Tech $ 1,112.41
(b) Source Sicav $ 11.92
BANQUE E. DE ROTHSCHILD LUX. SA
(b) Corditer BP Fixed Inc.Fund DM 91.90
(b) Corditer BP General Fund DM 113.80
(b) Eagle Fund LF 8,544.00
(b) Europe Japan Fund $ 9.56
(b) Governm. Sec. Funds $ 6.44
(w) Leicom $ 2,247.79
(b) Opportunities Fund $ 719.20
(b) Prifirst $ 598.15
(b) Prirop fund DM 45.13
(b) Rente Plus BF 4,757.00
(f) Select. Horizon Dev. FF 34,333.30
(f) Select. Horizon FF FF 61,780.00
(b) Star Conv.Fund FL FL 9,370.00
(b) Star Conv.Fund USD $ 97.60
BANQUE SCANDINAVE EN SUISSE-GENEVA
(w) Interbond Cbf. SF 68.15
(w) Intelsec Cbf. SF 1516.35
(w) Universal Intelbond $ 15.39
(w) Universal Intelsec $ 12.70
(w) Universal Intelbond FF 99.66
BROADGATE INTERNATIONAL FUND
(d) $ Money Market $ 13.44
(d) Non-$ Money Market DM 32.98
(d) $ Bond $ 13.89
(d) Non-$ Bond DM 38.24
(d) European Equities $ 9.45
(d) Global Equity $ 14.88
(d) Global Bond $ 14.79
(d) Global Bond & Equity $ 14.36
(d) Pacific Equities $ 10.89
(d) Prec. Metal/Min. Secs $ 6.44
BLW MANAGED ASSETS CY. SICAV
(f) Global Bond Fund ECU 18.21
(f) European Securities Fd. ECU 14.80
(f) French Securities Fund FF 135.84
(f) North American Secu.Fund $ 13.55
(f) Pacific Basin Secu. Fund $ 9.37
CAISSE CENTRALE DES BANQUES POP.
(d) Fructilux Obl. Fses FF 4,844.26
(d) Fructilux Obl.Euro ECU 1,238.41
(d) Fructilux Act.Fses FF 1,128.40
(d) Fructilux Act.Euro ECU 1,072.25
(d) Fructilux court terme FF 6,314.49
CALLANDER
(w) Callander Emer. Gr. $ 103.94
(w) Callander F-Asset $ 84.22
(w) Callander F-Austria AS 1,491.98
(w) Callander F-Spanish Ptas 7,347.80
(w) Callander Swiss Gr. SF 128.57
CAPITAL INTERNATIONAL
(w) Capital Int'l Fund $ 88.89
(w) Capital Italia SA $ 38.57
CCF - GAMMA
(w) CM Actibonds $ 26.34
(w) CM Global Growth $ 10.16
(w) Elysees Court Terme FF 42,767.37
(w) Elysees Long Terme FF 36,197.57
(w) Elysees Monetaire FF 62,479.80
(w) EMF Sterlings (A & B) £ 380.61
(w) EMF Dutch Gul.(A&B) FL 1,038.14
(w) EMF D-Mark (A&B) DM 994.85
(w) EMF Ecu (A & B) ECU 1,036.70
(w) EMF US Dollar (A & B) $ 1,878.97
(w) EMF Yen (A & B) Y 97,893.00
(d) Europe Prest. Fd A ECU 9.87
(d) Europe Prest. Fd B ECU 10.42
(w) Euro. Smlr Cos. Fd A ECU 13.12
(w) Euro. Smlr Cos. Fd B ECU 13.12
CDC INTERNATIONAL
(w) CFI Court Terme FF 129,817.96
(w) CFI Long Terme FF 1091,797.45
CIC GROUP
(d) Obticic Monetaire FF 13,540.67
(d) Obticic Court Terme FF 12,474.99
CITICORP INVESTMENT BANK (LUX)
POB 1373 Luxembourg Tel. 477.9571
(d) Citicurrencies USD $ 1,412.18
(d) Citicurrencies Managed $ 128.06
(d) Citiinvest Ecu Income ECU 1,303.90
(d) Citiinvest Manag. Growth $ 1,108.51
(d) Citi.Mana.Growth Euro ECU 997.32
(d) Citiinvest Selector $ 827.88
(d) Citiinvest Guardian $ $ 1,065.89
(d) Citiinvest Guard. Euro ECU 1,065.89
(d) Citiport N.A Equity $ 138.97
(d) Citiport Jap. Equity Y 6,337.00
(d) Citiport UK Equity £ 95.51
(d) Citiport IAPEC $ 122.90
(d) Citiport Cont.Euro. Eq. ECU 132.84
(d) Citiport N.A.$ Bond $ 118.45
(d) Citiport Euro Bond ECU 108.74
(d) Citiport AS.Pac.Bd. Y 10,811.00
(d) Citiport German DM 77.85
(d) Citiport Swiss SF 79.83
(d) Citiport Samec $ 77.90
CITITRUST BAMEC
(w) US $ Equities $ 282.15663
(w) US $ Bonds $ 12.87362
(w) US $ Money Market $ 11.54820
(w) Citiland $ 822.13214
(w) Citiperformance Ptf S.A $ 9.38995
(w) Global Equities $ 7.73008
(w) Global Money Market $ 12.27820
(w) Global Bonds $ 11.18000
COMPASS INTL. HOLDINGS Ltd.
POB 455, Jersey 0534 27207
(w) Bond: Dollar Med.Term $ 14.33*
(w) Bond: Ecu Multicur. ECU 7.79*
(w) Equity: United Kingdom £ 8.83*
CREDIT AGRICOLE: MOSAIS
(d) Actions Bassin Pacif. $ 18.48
(d) Actions Europeennes ECU 13.83
(d) Actions Francaises FF 95.82
(d) Actions Int. Div. FF [illegible]
(d) Actions Japon Y 2,853.85
(d) Actions Nord-Am. $ 17.14
(d) Court Terme ECU ECU 15.88
(d) Court Terme FRF FF 105.90
(d) Court Terme USD $ 15.20
(d) Oblig. Europeennes ECU 13.71
(d) Oblig. Francaises FF 102.54
(d) Oblig. Int. Rendt. $ 14.41
(d) Oblig. Int. diversifiees FF 103.92
(d) Oblig. Int.Div.Sensib.Red FF 104.44
(d) Oblig. N. Americaines $ 15.21
CREDIT SUISSE (ISSUE PRICES)
(d) CSF Bonds SF 72.80
(d) Bond Valor Swf SF 104.55
(d) Bond Valor US-DOLLAR $ 128.56
(d) Bond Valor D-mark DM 104.13
(d) Bond Valor Yen Y 9,722.00
(d) Bond Valor £ Sterling £ 93.05
(d) Convert Valor Swf SF 139.55
(d) Convert Valor US-DOLLR $ 183.44
(d) CSF International SF 114.75
(d) Actions Suisses SF 497.00
(d) Europa-Valor SF 171.75
(d) Energie-Valor SF 144.75
(d) Canasec SF 483.00
(d) Ussec SF 630.00
(d) Pacific-Valor SF 130.00
(d) CS Eu. Blue Chips A DM 236.00
(d) CS Eu. Blue Chips B DM 236.00
(d) CS Gold Valor $ 134.55
(d) CS Ecu Bond A ECU 99.07
(d) CS Ecu Bond B ECU 123.40
(d) CS Euro Finance Fd 'A' DM 204.43
(d) CS Euro Finance Fd 'B' DM 204.43
(d) CS Europa Bond 'A' DM 205.51
(d) CS Europa Bond 'B' DM 248.98
(d) CS Gulden Bond A FL 98.85

(d) CS Gulden Bond B FL 112.47
(d) CS Hispano Iberia Fd 'A' PTS 19,972.00
(d) CS Hispano Iberia Fd 'B' PTS 19,972.00
(d) CS Money Market Fund C$ 1,817.20
(d) CS Money Market Fund ECU 1,814.95
(d) CS Prime Bond 'A' DM 89.43
(d) CS Prime Bond 'B' DM 101.37
(d) CS Short-T. Bd DM A DM 17.47
(d) CS Short-T. Bd DM B DM 114.58
(d) CS Short-T. Bd $ A $ 102.80
(d) CS Short-T. Bd $ B $ 104.41
(d) CS Money Market Fund $ 1501.23
(d) CS Money Market Fund DM 1252.76
(d) CS Money Market Fund £ 1729.64
(d) CS Money Market Fd Yen Y 123168.00
(d) CS Tiger Fund $ 517.73
DIT INVESTMENT FFM
+(d) Concentra DM 41.77
+(d) Int'l Rentenfond DM 71.65
EBC TRUST CO.(JERSEY) LTD.
1-3 Seale St. St. Helier 0534-36331
EBC AMRO TRADED CURRENCY FUND.
(d) Income $ 15.027
(d) Capital $ 22.442
INTERNATIONAL INCOME FUND
(d) Short Term 'A' (Accum) $ 8.7259
(d) Short Term 'A' (Distr) $ 0.4714
(d) Short Term 'B' (Accum) $ 1.1721
(d) Short Term 'B' (Distr) $ 0.8354
(w) Long Term $ 33.0249
ELDERS INTL. MGMT SRVCS
see PRISM ASSET MANAGEMENT
ELDERS SWITZ.(889) 25 17 35
(w) Elders Int Bid SF 103.25 Offer SF 103.75
(w) Elders Aus Bid A$ 86.75 Offer A$ 98.00
EQUIFLEX LIMITED
(w) Europe A FL 10.36
(w) North America A FL 8.67
(w) U.K. Equities £ [illegible]
(w) U.K. Small Co. £ 4.44
EURO PACIFIC ADVISERS Ltd.
(w) Meleora Y 109,323.00
(w) Pacific Horizon Invt. Fd $ 1,878.61
FOREIGN & COLONIAL MGT. LTD.
1, Laurence Pountney Hill, EC4, 01-623-4680
(w) Amer.Smaller Cos.Eq.Pftl. $ 10.72
(w) Oriental Equity Pftl. $ 11.15
(w) European Equity Pftl. $ 13.55
(w) Nordic Equity Pftl. $ 14.04
(w) Amer. Mai. Equity Pftl. $ 9.21
(d) Western Pac. Equity Pftl. $ 10.55
(d) Mediterranean Equity Pftl. $ 10.50
(d) British Equity Portfolio $ 9.21
(d) U.S.$ Sh. Term Asset Pftl. $ 10.10
(d) Sterling Sh. Term Asset Pftl. £ 10.53
(d) North American Bond Pftl. $ 9.98
(d) Multi-Currency Bond Pftl. $ 10.41
(d) Sterling Bond Portfolio £ 9.43
(d) Ecu Bond Pftl ECU 10.80
FIDELITY INT'L INV. MGMT (LUX.) S.A.
(d) New Europe Fund $ 10.32
(d) Fidelity Conv. Sec. Portf. $ 8.74
FIDELITY POB 670, Hamilton Bermuda
(m) Fid.Amer. Val.III Com. $ 47.23
(m) Fid.Amer.Val.III Cum.Pref $ 103.14
(d) Fidelity Amer. Assets $ 122.03
(d) Fidelity Australia Fund $ 15.85
(d) Fidelity Dir. Svgs.Tr. $ 179.35
(d) Fidelity Pacific Fund $ 207.45
FIDELITY INT'L SERVICE (LUX.)
(d) Balanced Portfolio-hedged $ 9.87
(d) Balanced Portfolio-unhedg $ 9.71
(d) Fidelity Discovery Fund $ 14.45
(d) Fidelity For East Fund $ 64.34
(d) Fidelity Frontier Fund $ 21.00
(d) Fidelity Global Ind. Fd $ 12.76
(d) Fidelity Global Selct Fd $ 12.14
(d) Fidelity Int'l. Fund $ 13.33
(d) Fidelity Orient Fund $ 47.23
(d) Fidelity Sect. Growth Fd. $ 25.29
(d) Fidelity World Fund $ 48.61
FIDELITY INT'L (CI) LTD.
FIDELITY PERFORM PORTFOLIOS LTD.
(d) American Portfolio $ 8.54
(d) European Portfolio $ 1.79
(d) Japan Portfolio $ 1.16
(d) South East Asian Portfolio $ 1.16
(d) U.K. Portfolio $ 0.99
(d) Intl. Bond Portfolio $ 0.93
FINAFUTURES (BVI) Ltd
(w) Portofolio (ast.) $ 1.1173
FOKUS BANK A.S. 472 428 555
(w) Scanfonds Int'l growth fd $ 1.80
GAIA CURRENCY FUNDS
(w) Gaia Hedge I $ 119.72 Red $ 119.23
(w) Gaia Hedge II $ 281.72 Red $ 277.31
(w) Gaia Hedge III $ 129.97 Red $ 126.11
GARTMORE FUND MANAGERS INT.
45, La Motte Street, JERSEY 0534 27301
CAPITAL STRATEGY FD. LTD.
(d) American $ 1.484
(d) Canadian fund Can$ 0.8183
(d) British £ 2.120
(d) European Fund DM 3.415
(d) Eastern European Fd DM 4.080
(d) Asia Pacific Fd $ 1.981
(d) Japan Fund Y 598.5
(d) Australasian Fund $ 0.3188
(d) Global Resources Fund $ 0.8311
(d) Emerging Markets Fund $ 1.078
(d) International growth $ 2.409
(d) Sterling Bond £ 0.9888
(d) E.C.U. Bond Fund ECU 0.9462
(d) International Bond $ 1.307
(d) US$ Deposit $ 1.041
(d) Sterling Deposit £ 1.011
(d) French Franc Deposit Fd FF 10.53
(d) Sw. Fr. Deposit SF 5.226
(d) DM Deposit DM 5.192
(d) Yen Deposit Y 517.8
(d) Austr.Dollar Dep. Fd A$ 1.079
(d) Global Conv. Bond Fd $ 16.36
GEFINOR FUNDS
London:071-4991171, Geneva:41-22355530
(w) East Investment Fund $ 840.19
(w) Scottish World Fund £ 175.1702
(w) State St. American $ 192.13
GENERALE BANK
(see also Interselex Group)
(d) Rentinvest $ 29.55
(d) Capital Rentinvest $ 126.34
(d) Rentinbel Distr. LF 9,498.00
(d) Rentinbel Cap. LF 11,107.00
GAM ANLAGEFONDS AG.
POB 144, 8034 Zurich Tel.41-1-2514640
(d) GAM (CH) America SF 1147.00
(d) GAM (CH) Europe SF 88.00
(d) GAM (CH) Mondial SF 1192.00
(d) GAM (CH) Pacific SF 1605.00
GAM TRADITION ANLAGEFONDS AG.
(d) GAM Tradition SF 866.00
GENESEE FUND LTD. 19/09/90
(w) (B)Genesee Short $ 108.96
(w) (C)Genesee Opportunity $ 98.24
(w) (E)Genesee Balanced $ 104.98
GLOBAL ASSET MANAGEMENT CORP.
11 Athol St.Douglas,I. of Man,44-624-26037
(w) GAM Arbitrage Inc $ 225.79
(w) GAMerica Inc $ 209.17
(w) GAM Australia Inc $ 126.70

(w) GAM Asean Inc $ 141.60
(w) GAM Bond Fund Inc U.S Ord. $ 110.10
(w) GAM Bond Fund Inc U.S Spe. $ 102.21
(w) GAM Bond Fund Inc. SF 81.29
(w) GAM Bond Fund Inc. £ 98.85
(w) GAM Bond Fund Inc. DM 86.47
(w) GAM Bond Fund Inc. Y 10,784.00
(w) GAM Boston Inc $ 241.70
(w) GAM Europa Fund $ 91.84
(w) GAM European Inc. $ 104.70
(w) GAM Franc-Val Inc. SF 171.34
(w) GAM France Inc FF 1457.36
(w) GAM Global Fund $ 134.52
(w) GAM High Yield Inc. $ 90.46
(w) GAM Hong Kong Inc. $ 208.82
(w) GAM International Inc. $ 142.53
(w) GAM Japan Inc. $ 573.59
(w) GAM Money Mkts. Fund $ 101.88
(w) GAM Money Mkts. Fund £ 102.52
(w) GAM Money Mkts. Fund SF 101.92
(w) GAM Money Mkts. Fund DM 101.77
(w) GAM Money Mkts. Fund Y 10,178.00
(d) GAM Mlt-Mngt Deferred Cl $ 100.00
(w) GAM Mlt-Mgr Fd Inc Gen Eq $ 101.39
(w) GAM Mlt-Mgr Fd Inc Alloc. $ 103.29
(d) GAM Mlt-Mgr Fd - Trading $ 100.30
(w) GAM North America Fund $ 98.08
(w) GAM Pacific Basin Fund $ 129.21
(w) GAM Pacific Inc. $ 325.38
(w) GAM Restr. Fd. Inc. $ 119.57
(w) GAM Selection Inc. $ 340.58
(w) GAM Singapore/Malay Inc $ 221.22
(w) GAM Swiss Fr Spec Bd Fd SF 97.18
(w) GAM Univ.D-Mark Accu. DM 103.14
(w) GAM Univ.D-Mark Income DM 103.14
(w) GAM Universal Accumul. $ 102.82
(w) GAM Universal Income $ 86.59
(w) GAM Value Inc. $ 413.22
(w) GAM Worldwide Inc $ 177.94
(w) GAM Tyche S.A. Class A $ 92.38
(w) GAM Universal (Sp) Inc. SF 156.83
(w) GAM U.S. Inc. $ 119.43
(w) GAM Whitehorn Fund Inc. $ 417.00
(w) GSAM Composite Inc. $ 220.17
G.T. MANAGEMENT PLC
(d) G.T. ASEAN Fund $ 46.78
(d) G.T. Asia Fund $ 15.95
(d) G.T. Australia Fund $ 25.29
(d) G.T. Berry Japan Fund $ 32.87
(d) G.T.Biotechn/Health Fund $ 11.48
(d) G.T. Bond Fund $ 16.29
(d) G.T. Britain Fund $ 4.74
(d) G.T. Deutschland Fund $ 12.57
(d) G.T. Dollar Fund $ 17.82
(d) G.T. Europe Fund $ 31.29
(w) G.T. Emerging Mkts Fund $ 8.82
(w) G.T. Euro. Small Cos. Fund $ 35.43
(d) G.T.Global Small Cos.Fund $ 14.88
(d) G.T.Global Techno. Fd $ 14.82
(d) G.T. Hong Kong Fund $ 27.73
(d) G.T. Honshu Pathfinder $ 11.74
(d) G.T. Investment Fund $ 73.86
(d) G.T. Japan OTC Stocks Fund $ 11.82
(d) G.T. Japan Sml Co.Fd $ 17.99*
(d) G.T. Korea Fund $ 4.96
(w) G.T. Nat Res. Fd Gold Class $ 4.94
(d) G.T. Newly Ind. Countr. Fd $ 25.97
(d) G.T. Select Dollar Bd Pfl $
(d) G.T. Select Int Bd Pfl. £
(d) G.T. Select Gilt Pfl. £
(r) G.T. Technology Fund $ 32.80
(d) G.T. U.K. Small Companies £ 4.59
(w) G.T. U.S. Small Companies $ 13.31
HILL SAMUEL GLOBAL PORTFOLIO
1A rue Pierre d'Aspelt Luxembourg T142
(d) H. S. Glbl Pfl UK Equity £ 8.34
(d) H. S. Glbl Pfl UK Sm.Co.Eq. £ 10.00
(d) H. S. Glbl Pfl N.Amer. Eq. $ 8.54
(d) H. S. Glbl Pfl US Sm.Co.Eq. $ 7.19
(d) H. S. Glbl Pfl Pac.Bas.Eq. $ 9.31
(d) H. S. Glbl Pfl Jap. Eq. Y 733.00
(d) H. S. Glbl Pfl Euro Eq. DM 8.48
(d) H. S. Glbl Pfl St.Fix.Int. £ 9.80
(d) H. S. Glbl Pfl Eu.Fix.Int. DM 8.99
(d) H. S. Glbl Pfl Glbl. Eq. $ 9.44
(d) H. S. Glbl Pfl Glbl. Bond $ 9.47
(d) H. S. Glbl Pfl Glbl. Mgd. $ 9.36
HILL SAMUEL INVEST. MGMT. INTL. S.A.
Jersey, P.O. Box 63, Tel 0534 76029
Berne, P.O. Box 2622, Tel 4131 224051
(d) Crossbow (Far East) SF 12.36
(d) CSF (Balanced) SF 22.99
(d) European Equity Fund DM 12.44
(d) Intnl. Bond Fund $ 12.35
(d) Int. Currency U.S.Manag'd $ 28.48
(d) ITF Fd (Technology) $ 16.45
(d) O'Seas Fd (N. AMERICA) $ 39.09
(d) Int. Currency U.S. $ 27.98
IAM, 2 Bd. Royal LUXEMBOURG
(d) Iam Flagship Fund ECU 103.94
(w) Iam Bonds Fund Diversifie $ 504.25
(w) Iam Bonds Fund-France FF 608.05
(w) Iam Bonds Fund-Deutschl DM 226.96
(w) Iam Bonds Fund-Japan Y 10,418.00
(w) Iam Bonds Fund-Switz. FS 204.09
(w) Iam Bonds Fund-Europe ECU 117.00
(w) Iam Europe global ECU 84.79
(w) Iam Europe Ison ECU 93.82
(w) Iam Europe 90/10 ECU 101.91
(w) Iam Europe 1992 ECU 92.47
(w) Iam Europe du Sud ECU 91.40
INTERSELEX GROUP
(d) Int.America Fund $ 15.40
(d) Int.Belgo Fund BF 2,427.00
(d) Int.Europa Sicav LF 3,543.00
(d) Int.Pacific Fund $ 779.78
(d) Int.World Fund $ 82.51
ITALFORTUNE INTL. FUNDS
(w) Class A (Aggr.Growth Ital.) $ 49.53
(w) Class B (Global Equity) $ 10.62
(w) Class C (Global Bond) $ 11.49
(w) Class D (Ecu Bond) ECU 9.80
ISLAMIC MGMT FUND LTD $ 973.66
CSFB Fund Mgmt Ltd (0481-713996)
PB122 St. Peter Port,Guernsey
JARDINE FLEMING, GPO Box 11448 Hg Kg
(d) J.F Japan Trust Y 14,383.00
(d) J.F Pacific Sec. Trust $ 22.36
(d) J.F Pacific Income Trust $ 73.37
(d) J.F Hong Kong Trust $ 78.23
(d) J.F Eurasian $ 11.98
(d) J.F Global Sec. Trust $ 32.96
(d) J.F Gib Convertibles Trust $ 11.26
JULIUS BAER GROUP
(d) Baerbond SF 852.00
(d) Conbar SF 1558.00
(d) D-mark-Baer Bond Fd DM 954.00
(d) Dollar-Baer Bond Fd $ 1,103.00
(d) Emerging Europe Fund DM
(d) Europe Bond Fund ECU
(d) Equibaer America $ 1640.00
(d) Equibaer Europe SF 1352.00
(d) Equibaer Pacific $ 932.00
(d) Liquibaer $ 1719.00
(d) Stockbar SF 1441.00
(d) SFR-BAER SF 964.00
(d) Swissbar SF 1951.00
KIDDER,PEABODY & Co.Incorporated
(b) Chesapeake Fund Ltd. $ 7,540.83
(b) Stonehenge Ltd. $ 1,187.21

KLEINWORT BENSON SELECT FUND
(d) British Fund £ 7.40
(d) Emerging Asia Fond ECU 1.48
(d) European Fund ECU 1.57
(d) Japanese Fund ECU 1.43
(d) International Fund ECU 1.49
(d) North American Fund ECU 1.53
(d) Pacific Fund ECU 1.54
LIPPO ASIA LIMITED
(w) Java Fund $ 9.39
LLOYDS BANK PLC, POB 438, Geneva 11
Mr. Peter King, 41 (22) 3073333/ext. 3374
+(w) Lloyds Int'l Dollar $ 112.20
+(w) Lloyds Int'l Europe SF 149.30
+(w) Lloyds Int'l Growth SF 174.20
+(w) Lloyds Int'l Income SF 254.50
+(w) Lloyds Int'l N. America $ 154.45
+(w) Lloyds Int'l Pacific SF 158.60
+(w) Lloyds Int'l Smaller Cos $ 15.20
MALABAR CAP MGMT (BERMUDA) LTD.
(m) Malabar Intl.Fund $ 9.63
MAN INTERNATIONAL FUTURES
(m) Athena $ 10.33
(m) Alubal Mint Gtd.Fund.Ltd. $ 106.86
(m) Mint Limited - Ordinary $ 45.51
(m) Mint Limited - Income $ 15.87*
(m) Mint Gtd Ltd - Spec Issue $ 22.45
(m) Mint Gtd Ltd - Series A $ 24.38
(m) Mint Gtd Ltd - Nov 1993 $ 21.47
(m) Mint Gtd Ltd - Jan 1994 $ 17.34
(m) Mint Gtd Ltd - Dec 1994 $ 15.20
(m) Mint Gtd Ltd - Aug 1995 $ 12.34
(m) Prime Mint Gtd Plc $ 122.76
(m) Mint Sp Res Ltd (BNP) $ 111.50
(m) Newcastle Guaranteed Ltd $ 12.86
MAGNUM FUTURES FUND LTD.
(m) Deutschemark Class DM 20.02
(m) Sterling Class £ 5.17
(m) U.S Dollar Class $ 9.13
MERRILL LYNCH
(d) Dollar Assets Portfolio $ 1.00
(d) Iberia portfolio $ 9.50
(d) Multi-Curr. Bond Portfolio $ 15.92
(d) U.S.A Income Portfolio $ 8.95
(d) US Federal Securities $ 9.31
(d) World Nat Res Pfl. Share A $ 11.77
(d) World Nat Res Pfl. Share B $ 11.68
GLOBAL CURRENCY PORTFOLIOS
(d) Australian Dollar Pfl. $ 11.80
(d) Canadian Dollar Pfl. C$ 10.20
(d) Deutschemark Portfolio DM 9.84
(d) Pound Sterling Portfolios £ 10.61
(d) US Dollar Portfolios $ 10.97
(d) Yen Portfolio Y 963.00
M. LYNCH MLT.NAT'L INV PFL-EQ
GLOBAL EQUITY PORTFOLIO
(d) Class A $ 8.66
(d) Class B $ 8.50
CONVERTIBLE SECURITIES PTFL.
(d) Class A $ 10.06
(d) Class B $ 10.05
BASIC VALUE PORTFOLIO
(d) Class A $ 8.55
(d) Class B $ 8.50
MIM BRITANNIA,POB 271,St. Helier, Jersey
(d) Amer. Inc. & Growth $ 1.252
(d) Asia Super Growth Fund $ 10.84*
(d) Dollar Man.Curr $ 14.42
(d) Dollar Man. Port $ 1.998
(d) Gold & Prec. Metals $ 0.945
(d) Gtd. N.W. 1994 $ 7.91
(d) Int.High Income $ 2.471
(d) Japan Dollar Perf. Fd $ 2.318
(d) Jersey Gilt £ 0.1651
(d) Nissan Warrant Fund $ 11.38
(d) Okasan Global Strat $ 15.51
(d) Pioneer Markets £ 2.471
(d) Sterling Man.Port £ 1.453
(d) Sterling Man. Curr. £ 16.55*
(d) U.K. Growth £ 0.878
MIMARBEN
(w) Class A $ 161.46
NMB BANK,PO 1800,1000 BV Amsterdam
(w) The Brazil Fund $ 1.36
(w) NMB Dutch Fund FL 38.48
(w) NMB Real Estate Fund FL 37.60
(w) NMB Ecomix Fund LF 2,102
NOMURA INVEST BANKING (M.E) E.C.
(d) Nomura Gulf Fund $ 8.54
NOMURA INTL. (HONG KONG) LTD.
(d) Nomura Jakarta Fund $ 9.99
OBLIFLEX LIMITED
(w) Multicurrency $ 22.79
(w) Dollar Medium Term $ 17.38
(w) Dollar Long Term $ 13.94
(w) Japanese Yen Y 24.71
(w) Pound Sterling £ 15.96
(w) Deutsche Mark DM 12.64
(w) Dutch Florin FL 12.97
(w) Dutch Florin Multi. FL 18.44
(w) HY Euro. Currencies ECU 10.41
(w) HY Euro.Curr.Divi.Pay. ECU 9.93
(w) Swiss Franc SF 10.32
(w) Swiss Franc Divi. payi. SF 20.14
(w) US Dollar Short Term. $ 10.47
(w) Swiss Multicurrency SF 11.32
(w) European Currency ECU 14.03
(w) Convertibles $ 11.86
(w) French Franc F 104.63
(w) Swiss Multi-dividend SF 8.52
OLYMPIA Capital Intl.BVI
c/o OCM, 17 ave. George V, 75008 Paris
Tel.: 33-1-47208074
(w) Finsbury Group $ 127.71
(w) Olympia Securite $ 99.77
(w) Winchester Capital $ 101.56
(w) Winchester Frontier $ 203.05
(w) Winch.Hold.-Intl.Ser.D ECU 1,177.80
(w) Winch.Hold.-Intl.Ser.F ECU 1,192.50
(w) Winchester Hold.-US$ $ 16.05
(w) Winch.Reser.Multi.Gvbd $ 13.21
(m) Winch.Fut.Divers. $ 16.16*
(m) Winch.Fut.Orion $ 17.71*
PARIBAS-GROUP
(d) Belux Fund LF 11,434.00
(d) Cortexa International $ 102.49
(d) Ecupar ECU 1,422.38
(d) Luxar $ 8.65
(d) Moneyflow LF 10,278.00
(d) Parinter Fund $ 210.66
(d) Par US Treas. Bond 'Cl. B' $ 157.36
(d) Europhenix ECU 167.54
(d) Parinter Bond Fund $ 13.35
(d) Paribas-Rente 'A' LF 1,181.00
(d) Paribas-Rente 'B' LF 1,364.00
(d) Parvest Obli-Franc 'A' $ 1,311.70
(d) Parvest Obli-Franc 'B' $ 1,511.70
(d) Parvest Obli-Sterling £ 181.49
(w) Parvest SF 578.46
(w) Parvest Obli-DM 'A' DM 1,175.42
(w) Parvest Obli-DM 'B' DM 1,312.06
(w) Obligestion SF 85.93
(w) Parvest Obli-Dollar 'A' $ 1,136.42
(w) Parvest Obli-Dollar 'B' $ 1,302.45
(w) Parvest Obli-Yen 'A' Y 104505.00
(w) Parvest Obli-Yen 'B' Y 114043.00
(w) Parvest Obli-Gulden 'A' FL 969.15
(w) Parvest Obli-Gulden 'B' FL 1,111.22
(w) Parsuisse SF 1,222.75
(w) Parjapon Y 3,071.00

PERMAL GROUP
(b) Drakkar Growth $ 1,858.47
(b) EuroMir (ECU) Ltd. ECU 920.48
(b) Media Ltd. $ 448.98
(b) Nascot Ltd $ 1,549.55
(b) Special Opportunities Ltd $ 1,565.00
(w) Undvise Ltd $ 284.78
(b) Value N.V. $ 1,774.27
PIERSON,HELDRING & PIERSON N.V.
Rokin 55, 1012Kk, Amsterdam (20-5211188)
(w) Asia Pac. Growth Fd N.V. $ 32.77
(w) Asian Selection Fd. N.V. FL 45.05
(w) DP Amer. Growth Fd N.V. $ 23.80
(w) Eur. Growth Fund N.V. FL 58.29
(w) Japan Diversified Fund $ 45.46
(w) Leveraged Cap Hold $ 331.76
(w) Tokyo Pac. Hold. N.V. $ 233.92
PIONEER GROUP
(d) Pioneer Fund $ 22.47
(d) Pioneer II $ 18.21
PRISM ASSET MANAGEMENT
(212) 573-0440 advisor to:
(d) EFF $ 340.30
(d) PTJ $ 96.12
(d) RAINBOW $ 102.98
(d) CONQUEROR $ 88.73
PUTNAM
(d) Emerging Hlth Sc. Trust $ 19.14
(w) Putnam Em. Info. Sc. Tr $ 13.24
(d) Putnam Glob. High Growth $ 11.63
(d) Putnam High Inc.GNMA Fd $ 8.69
(d) Putnam Int'l Fund $ 11.06
REPUBLIC NATIONAL BANK
(w) Republic Gam Fd. $ 100.00
ROBECO GROUP
POB 973, Rotterdam (10-4650711)
(d) Robeco FL 86.50
(d) Rolinco FL 82.90
(d) Rorento FL 59.20
(d) Rodamco FL 73.60
ROTHSCHILD AST.MGT.
(w) Tokyo Pac. Hold. (Sea) $ 170.69
ROYAL B. CANADA,POB 246,GUERNSEY
+(w) RBC British Fund Ltd. £ 4.711*
+(w) RBC Canadian Fund Ltd C$ 12.88
+(w) RBC European Fund $ 12.74
+(w) RBC Far East&Pacific Fd $ 41.79
+(w) RBC Int'l Capital Fd $ 51.18*
+(w) RBC Int'l Bond Fund Ltd. $ 13.58
+(d) RBC Man.Currency Fd $ 41.46
+(w) RBC North Amer. Fd $ 12.87
ROYAL TRUST ASSETMIX FUND
Lux.Tel.:(352)489061
EQUITY FUNDS
(d) Alpha UK £ 1.06
(d) Alpha US$ $ 1.28
(d) Alpha Worldwide SF 4.02
(d) Alpha Japanese Y 844.00
(d) Alpha Pacific Rim $ 1.29
(d) Alpha European ECU 1.85
(d) Gold Share $ 1.05
BOND FUNDS
(d) Sterling Pound £ 102.62
(d) US$ Bond US$ 102.33
(d) Deutschmark Bond DM 48.44
(d) Alpha Worldwide SF 47.36
RESERVE FUNDS
(d) Sterling Reserve £ 12.647
(d) US$ Reserve $ 11.406
(d) Deutschmark Reserve DM 11.081
SKANDIFOND
SKANDINAVISKA ENSKILDA BANKEN
(w) Equity Intl Acc $ 13.61
(w) Equity Intl Inc $ 11.78
(d) Equity Global $ 1.23
(d) Equity For East $ 1.83
(w) Equity Gold $ 0.77
(w) Equity Japan Y 113.00
(d) Equity Nordic $ 1.47
(d) Equity U.K. £ 1.09
(d) Equity Continental Europe $ 1.30
(d) Equity Mediterranean $ 1.08
(d) Equity North America $ 1.19
(d) Bond DEM DM 0.92
(w) Bond Intl Acc $ 8.89
(w) Bond Intl Inc $ 6.86
(d) Bond Sweden SEK 10.54
(d) Bond Dollar $ 1.02
(w) High Income Acc $ 1.25
(w) High Income Inc $ 1.02
(w) Multicurrency $ 1.3147
SOCIETE GENERALE GROUP
(w) Sogelux Fund (SF)
(w) S.I.F. FR. Distrib. FF 882.91
(w) S.I.F. FR. Capital FF 882.91
(w) S.I.F. U.S. Distrib. $ 144.80
(w) S.I.F. U.S. Capital $ 144.80
(w) S.I.F. Jap. Distrib. Y 13,276.00
(w) S.I.F. Jap. Capital Y 13,276.00
(w) S.I.F. G.B. Distrib. £ 93.45
(w) S.I.F. G.B. Capital £ 93.45
(w) S.I.F. World Distrib. $ 127.40
(w) S.I.F. World Capital $ 127.40
(w) SF Bonds A U.S.A $ 12.21
(w) SF Bonds B Germany DM 23.05
(w) SF Bonds C France FF 98.34
(w) SF Bonds D Switz. SF 20.23
(w) SF Bonds E G.B. £ 8.61
(w) SF Bonds F Japan Y 1613.00
(w) SF Bonds G Europe ECU 12.55
(w) SF Bonds H World Wide $ 12.92
(w) SF Bonds J Belgium BF 595.00
(w) SF Eq. K North America $ 12.43
(w) SF Eq. L W. Europe ECU 11.72
(w) SF Eq. M Pacific Basin Y 1407.00
(w) SF Eq. N France FF 78.80
(w) SF Eq P Growth Countries $ 12.21
(w) SF Equities Q Gold Mines $ 11.82
(w) SF Equities R World Wide $ 11.95
(w) SF Short Term S France FF 123.45
(w) SF Short Term T Eur. ECU 12.08
SODITIC ASSET MANAGEMENT INC.
(w) SAM Diversified Inc. $ 107.69
SVENSKA HANDELSBANKEN S.A.
146 bd de la Petrusse,L-2330 Luxembourg
(w) Neptune Maritime Fund $ 8.74
(b) SHB Bond Fund $ 44.75
(w) Svenska Select.Fd Intl Sh. $ 46.03
(w) Svenska Select.Fd America Sh $ 10.80
(w) Svenska Select.Fd Pacif.Shares $ 4.00
(w) Svenska Select.Fd Germany DM 8.58
(d) Svenska Sel.Fd Intl Bd.Sh $ 10.91
(w) Svenska Select.Fd Japan Y 588.78
(w) Svenska Sel.Fd Nordic Shs $ 11.10
(w) Svenska Sel.Fd S/T Ass.Sh $ 10.61
SWISS BANK CORP. (ISSUE PRICES)
(d) AmericaValor $ 266.60
(d) AngloValor £ 161.07
(d) Asia Portfolio $ 455.17
(d) Convert Bond Selection SF 98.63
(d) Dollar Bond Selection $ 135.21
(d) D-Mark Bond Selection DM 108.84
(d) Ecu Bond Selection ECU 98.04
(d) Florin Bond Selection FL 111.79
(d) FrancoValor FF 1,449.55
(d) GermanValor DM 428.00
(d) Gold Portfolio SF 355.84
(d) ItalValor Lit 396,482.00
(d) Iberia Valor Pts 33,224.00
(d) Japan Portfolio Y 28,915.00

(d) SBC DM Short A/B DM 1,880.97
(d) SBC Eco MMF ECU 2,772.09
(d) SBC Euro Stock ECU 141.88
(d) SBC £ MMF £ 2,079.49
(d) SBC Yen MMF Y 509,460.00
(d) SBC US$ MMF $ 4,215.70
(d) SBC 100 Index Fund SF 965.08
(d) SBC Sfr Bond A SF 979.19
(d) SBC Sfr Bond B SF 1,039.57
(d) Sterling Bond Selection £ 104.53
(d) Sw. Foreign Bond Selec. SF 99.49
(d) Swissvalor SF 314.50
(d) Universal Bond Select. SF 71.50
(d) UniversalFund SF 73.64
(d) Yen Bond Selection Y 10,882.00
TEMPLETON W.WIDE INVESTMENTS
(d) GROWTH PORTFOLIO
(d) Class A-1 $ 8.99
(d) Class A-2 $ 7.29
(d) Class A-3 $ 9.12
(d) Class B-1 $ 8.90
(d) Class B-2 $ 9.28
INCOME PORTFOLIO
(d) Class A $ 10.91
(d) Class B $ 10.84
TERMINVEST Tel: 40.70.92.89
(m) Dual Fut. Fd. cl. D Units $ 104.57
(m) Galaxy Futures Fd. Ltd. $ 118.00
THORNTON MANAGEMENT LTD.
(d) Thornton Int opps.fund $ 1.67
(d) Pacific Invt. Fd. S.A. $ 8.27
(d) Pac.Invt. Fd. SA DM 24.16
(d) Pac.Invt. Wrnts Fd.S.A. DM 9.55
(d) Pac.Invt. Warrants Fd.S.A. $ 3.27
(d) Thornton Kangaroo Fd Ltd. $ 9.29
(d) Thornton HK & China $ 12.51
(d) Thornton Japan Fund Ltd $ 27.59
(d) Thornton Orient.Inc. Fd Ltd $ 21.74
(w) Thornton Phil. Redev. Fd $ 22.56
(d) Thornton Tiger Fund Ltd $ 27.36
(d) Thor.Lati. Dragons Fd Ltd $ 20.57
(d) Thor.Golden Opport.Fd $ 5.12
(d) Eastern Crusader Fund $ 8.76
(w) The Global Access Fund. $ 9.4
NEW TIGER SEL. FUND
(d) Thailand $ 8.18
(d) Malaysia $ 8.81
(d) Indonesia $ 8.97
T. Rowe Price Associates Inc.
(m) T. Rowe Price Frontier Ltd. $ 12.37
TYNDALL INT'L GUERNSEY LTD
Tel.0481-27923
(d) Amer Spec Sits $ 42.68
(d) Eurobond £ 29.97
(d) Mortgage C$ 14.55
(d) Overseas $ 24.35
(d) Tiger $ 38.91
(d) High Yield Bond £ 63.8
(d) Marunouchi £ 77.0
(d) Far Eastern £ 454.0
(d) Gilt £ 521.9
(d) Med Currency-Dollar $ 1.037
(d) Med Currency-Stlg £ 115.8
(d) 1992 £ 224.7
(d) Wall Street £ 201.3
(d) HI Inc Gilt & Bulldog £ 96.7
UEBERSEEBANK, ZURICH
(d) B-FUND SF 920.57
(d) M-FUND SF 953.38
(d) E-FUND SF 486.87
(d) J-FUND SF 332.63
(d) M-Distribution SF 90.36
(d) UBZ Euro-Income Fund SF 9.19
UNION BANK OF SWITZERLAND
(d) Amca American Shrs SF 32.50
(d) Bond-Invest SF 56.00
(d) Brit-Invest Shares SF 642.00
(d) D-Mark-Invest Bds DM 188.30
(d) Dollar-Invest Bds $ 105.76
(d) ESPAC Spanish sh SF 157.50
(d) Eurit SF 284.00
(d) Fonsa Swiss Sh. SF 177.00
(d) Francit Shares SF 175.00
(d) Germac Shares SF 202.00
(d) Globinvest Shares SF 87.80
(d) Gold Invest Shares SF 288.00
(d) Holland-Invest Sh. SF 205.00
(d) Hac Shares SF 184.00
(d) Japan-Invest Sh. SF 1,187.00
(d) Sima (stock price) SF 230.50
(d) Skandinavien-Invest SF 250.00
(d) UBS Money Mkt Inv. $ 1,071.77
(d) Yen-Invest Bonds Y 78,300.00
UNION INVESTMENT Frankfurt
(d) Unirenta DM 36.70
(d) Unifonds DM 32.00
(d) Unirak DM 73.05
(d) Unizins DM 107.90
THE UNIVERSAL GROUP OF FUNDS
(d) Univers Sav Amer C$ 8.85
(d) Univers Sav Equity C$ 18.49
(d) Univers Sav Global C$ 5.19
(d) Univers Sav Pacific C$ 8.61
(d) Univers Sav Nat. Res C$ 5.74

Other Funds

(r) Acticroissance $ 508.69
(d) Actifinance Intl $ 1,069.55
(w) Actifutures Ltd $ 1,341.18
(w) Actiosation FF 1,278.74
(w) Activest Intl $ 22.45
(d) Amvabel FL 61.80
(w) Aquila International Fund $ 204.99
(b) Ariane $ 3,964.38
(d) Asia Oceania Fund $ 8.53
(m) Associated Investors Inc. $ 751.87
(m) Atlantic Fund $ 73.09
(d) Atlas Fund SF 79.82
(r) Australia Fund $ 17.06
(w) BDD Inv Fund-Ecu Bd ECU 5,282.36
(w) BEM International $ 5.02
(w) Bergen Int'l Fund. $ 11.29
(w) Bever Beleggingen++ $ 25.50
(w) Bondselex-Issue Pr. SF 101.35
(d) Bristol $ 948.00
(m) Col Futures 1990 Fd. Ltd $ 26.34
(m) J Capel guaranteed Fond $ 7.58
(w) CMI Investment Fund $ 1,431.86
(d) Cash Gestion FF 10008.08
(d) CB German Index Fund DM 108.50
(m) Cleveland Offshore Fd. $ 24.42
(w) Columbia Securities FL 97.84
(m) Commod. Gtd. Fund/USA $ 3.81
(w) Convert. Fd. Int'l A Certs $ 15.72
(w) Convert. Fd. Int'l B Certs $ 52.91
(w) Cumber Intl N.V. $ 228.39
(w) Daiwa Japan Fund Y 7,473.00
(w) D.G.C. $ 208.87
(d) D. Witter Wld Wide Ivt Tst. $ 23.48
(d) Dreyfus America Fund $ 16.28
(d) Dreyfus Fund Int'l. $ 39.72
(w) Dreyfus Intercontinent $ 10.31
(w) Dumenil Amerique $ 1002.02
(w) Dumenil Asie Pacifique $ 1002.02
(w) Dumenil Bonds Plus $ 1156.82
(w) Dumenil Europe ECU 1007.30
(w) Dumenil France FF 6043.02
(w) Dumenil Opportunit $ 1002.02
(m) Dumenil Arbitrage Fd NV $ 728.91
(d) Eml Germ. Ind Plus(A) DM 81.77
(d) Eml Germ. Ind Plus(B) DM 81.77
(d) Eml France Ind Plus(A) FF 735.19
(d) Eml France Ind Plus(B) FF 735.19
(d) Eml Uk Index Plus (A) £ 81.35
(d) Eml Uk Index Plus (B) £ 81.36
(d) Eml Belg. Index Plus(A) BF 7,947.00

(d) Eml Belg. Index Plus(B) BF 7,947.00
(d) Equicurrency (DOM). ECU 1.24
(w) Esprit Sicav ECU 1,117.33
(w) Espir. Sto Inv M.Stn Eur Fd $ 10.72
(d) EURASUD FF 987.16
(d) Europe Obligations ECU 74.67
(d) Europe 1992 $ 10.00
(m) Fatam Fund $ 896.44
(w) Fairfield Int'l Ltd. $ 135.00
(w) Fairfield Strat. Ltd. $ 36.45
(w) First Eagle Fund $ 36,081.55
(m) First Frontier Fonds $ 102.63
(w) F.I.T. Fund ff FF 114.50
(d) Fonditalia $ 77.17
(w) FL Trust Switzerland SF 85.02
(w) Fonselex Issue Pr. SF 151.15
(w) Force Cash Frf Sicav FF 15,246.02
(w) Force Cash AM Sicav DM 3,045.29
(w) Force Cash US $ Sicav $ 3,034.57
(w) Force Cash Ecu Sicav ECU 2,545.44
(d) Forexfund Limited $ 9.39
(d) Formula Selection Fd. SF 65.03
(d) Frankl-Trust Eff. Fd DM 147.41
(d) Frankl-Trust Interzins DM 40.12
(m) Gems Progressive Fd Ltd. $ 1,454.39
(w) George V INV. BOND F. $ 22.44
(m) German Sel. Associates DM 2,851.11
(d) Green Line France FF 584.98
(d) Guardian $ 940.00
(w) Haussmann Hldgs. N.V. $ 310.40
(d) Hentsch T.F SF 9,848.00
(w) Hestia Funds $ 140.06
(w) Horizon Fund $ 1,074.39
(w) Ibex Holdings Ltd. SF 157.92
(w) IFDC Japan Fund Y 32,642.00
(r) ILA-IGB $ 7.27
(r) ILA-IGS $ 8.98
(m) IncAmerica N.V. $ 15.38
(m) IncAsia N.V. $ 9.57
(m) Inpremef $ 8.95
(m) Interface Fund Ltd. $ 148.22
(d) Interfund SA $ 46.65
(w) Intermarket Fund $ 430.81
(m) Intl Metals Inv. Corp. $ 90.42
(m) Intl Liq. I Inv. Corp $ 124.27
(m) Intl Bonds Inv. Corp. SF 181.95
(m) Intl Liq. II Inv. Corp. SF 69.91
(m) Intl Spec. II Inv. Co. $ 157.72
(m) Intl Shares Inv. Corp. $ 29.48
(r) Int'l Securities Fund $ 3,735.56
(d) Intersec SA DM 67.87
(d) Investa DWS $ 102.41
(d) Investmentor Fund $ 10,772.00
(m) Japan Selection Assets Y 210.90
(w) Japan Pacific Fund $ 886,086.00
(w) Japan Res.Growth F. Y 235.72
(w) Japan Selection Fund $ 12,031.93
(d) JJ Placement FF 11.31
(d) Kenmar L/C $ 11.45
(d) Kenmar Guarantee $ 11,333.00
(w) Kenmar Intl - B $ 108.06
(m) Key Hedge Fund Inc. $ 214.29
(w) Kleinwort Bens. Jap. Fd. $ 612.91
(d) KML-II H.Yield 20/09/90 $ 27.78
(w) Korea Growth Trust $ 6.44
(d) LACO International $ 949.95
(w) Leumi Val.Francaises FF 122.88
(w) Liberty Offshore Fund $ 88.87
(m) London Portfolio G'td. I. $ 8.61
(m) London Portfolio G'td. II. $ 711.72
(w) Luxfund $ 123.02
(m) Lynx Sel.Holdings SF 1,000.70
(m) Maritime Fund Intel Ltd $ 1,855.00
(w) MBE Japan Fund LF 140.32
(m) MCM Int. Limited $ 1,550.84
(w) Moore Global Invts. Ltd. $ 9.51
(w) ML.Mergers Lv H.Y.Inv.NV $ 39.90
(d) Mediolanum Sel. Fd. $ 10.68
(d) NCA FUND $ 109.80
(w) Nippon Fund $ 190.74
(m) NMT Asian Sel. Portfolio $ 109.40
(w) NMT Citadel Bond SF 116.35
(m) NMT Nestec Portfolio s/s. $ 16.11
(d) NM Inc. & Growth Fund $ 12.49
(d) Nomura-Cap Inf Eq Fd $ 10,761.00
(d) Nordmix LF 1838.00
(m) Nova Plus Fund I Ltd. $ 2,781.46
(w) Naveurope ECU 280.61
(m) NSP F.I.T. $ 126.79
(m) Oppenheimer U.S.Arb. $ 1,363.15
(w) Optimum Fund $ 1,362.71
(w) Overlook Performance $ 6.85
(d) Pacific Nies Fund $ 466.27
(d) PAM Futures Trad. $ 171.43
(w) Pancurri Inc. $ 9.94
(w) Paragon Fund Limited $ 102.95
(w) Plurivest International FF 4.84
(w) Prosp. I.H.Inc.P.F 14/09/90 $ 185.34
(w) Puget-Mohe Barclays Poc. $ 15,430.91
(w) Quantum Fund N.V. $ 9.76
(w) Rep.(Guernsey) Dol.Inc.Fd $
(d) SAGA Ameriques FF 717.69
(d) SAGA Court Terme FF 1,166.86
(d) SAGA France Sicav FF 423.17
(d) SAGA Long T.Capital FF 1,027.59
(d) SAGA Opportunities FF 690.33
(d) SAGA Premiere FF 1,723.70
(w) Samurai Portfolio SF 243.80
(d) Sanyo Kla.Spain Fd $ 9.51
(d) Sarakreek Holding n.v.++ $ 24.30
(d) Saturn Fund $ 1,032.12
(m) Scimitar Guaranteed $ 8.25
(m) Scimitar Guar.Cur.Fd. $ 14.38
(d) SCI/Tech.SA Luxembourg $ 21.09
(m) Securefund 2000 Ltd. $
(m) Silverman World Shares Ltd. $ 1,159.80
(w) SP International S.A. $ 3,693.44
(m) SLH Guar. F.F.I. $ 993.18
(d) Strat Int'l Gold Fund S.A $ 6.94
(w) Techno Growth Fund SF 52.22
(d) Templeton Glob Inc. $ 9.94
(d) The Petrus Fund Ltd. $ 1.13
(m) TTIC(O.T.C)Jap.fd Sicav $ 16.43
(w) Transpacific Fund Y 28,080.00
(d) Triton Offshore Class A $ 781.57
(d) Triton Offshore Class B $ 734.99
(d) Tudor B.V.I Futures,LTD $ 6,318.11
(d) Turquoise Fund $ 212.70
(w) Tweedy,Browne n.v.Cl.A $ 3,191.18
(w) Tweedy,Browne n.v.Cl.B $ 1,523.46
(m) Tweedy,Browne (U.K.) n.v. $ 1332.93
(d) Unico Inv.Fund DM 72.84
(d) Uniza Equity.Fund DM 57.32
(d) Uni Bond Fund ECU 1571.71
(r) Uni Capital Fund $ 1516.71
(m) Unitrad FF FF 18,745.95
(m) Unitrad SF SF 1,844.00
(m) Unitrad $US $ 1,048.06
(d) Univers Bonds DM 134.78
(w) Vanderbilt Assets $ 14.54
(m) Victor Futures Fund $ 209.64
(d) Victoria Holdings Limited $ 108.80
(w) Willerbond Capital $ 14.99
(w) World Fund S.A. $ 11.78
(d) World Balanced Fund S.A. $ 11.90
(w) Worldwide Securities $ 35.33
(w) Worldwide Special $ 803.10
(m) Zweig Int'l Ltd $ S/S 9,892.00

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Taiwan Stocks Defy Plan to Boost Value

Reuters

TAIPEI — Even a much-heralded government rescue plan for the Taiwan stock market does not seem able to save the Taiwan bourse, which fell to a 32-month low Monday amid the lowest turnover in 20 months.

Dealers said the government's plans were basically good, but were outweighed by the Gulf crisis and fundamental problems that have sent the local market tumbling more than 75 percent from its record high in February.

"Government announcements can't compete with the Gulf crisis," said Benjamin Chen, an analyst at Baring Securities.

The plans, announced over the past two weeks, permit a major government-controlled pension fund to put money into the market and will soon allow foreign institutional investors to invest directly here. Authorities will also relax rules on margin lending for stock purchases.

"The worsening economic environment is already there and it's hard to improve the market just because of some announcements. It may take several years to see the impact," said Joe Chiou, an Evergreen Securities analyst.

The market's weighted index closed 6.38 percent lower at 2,807.21 points on Monday, the lowest level since Jan. 23, 1988.

Turnover, at 11.8 billion Taiwan dollars ($439 million), was the lowest since Jan. 5 of this year.

Dealers said the major cause of Monday's drop was worry that domestic fuel prices would soon rise again, just a month after the government lifted them between 3 and 42 percent.

The rumor-sensitive bourse was also disturbed by talk that a major local trust company had financial difficulties. The company denied this.

Monday's entry into the market of the government-controlled labor pension fund had little impact, analysts said.

The government last week said that the fund, to which all employers contribute a proportion of their workers' pay, could invest up to 20 percent of its holdings in the stock market.

Officials declined to say how much they invested on Monday or which stocks they bought.

Analysts said the other major part of the government plan — allowing foreign institutional investors to invest directly in the volatile market — also will not be a panacea once it comes into operation.

"Investors, foreign or domestic, invest in the same pattern: If the market is good, they get in. If not, they withdraw," Mao Jen-chieh, an analyst at Yuan Ta Securities, said.

With domestic economic growth forecast to slump this year and with global economic difficulties compounded by the Gulf crisis, analysts said there was little hope for the Taiwan market in the near term.

Gold Giants Of Australia Plan Merger

Agence France-Presse

MELBOURNE — Two of Australia's biggest gold mining companies, BHP Gold Mines Ltd. and Newmont Australia Ltd., announced Monday plans for a merger which would create a giant with estimated sales of 1.1 billion Australian dollars ($908 million).

The surprise proposal was expected to thwart a hostile takeover bid for Newmont by Poseidon Gold Ltd. The proposal values the three-year-old BHP Gold at 475 million dollars.

John Quinn, Newmont managing director, said the new company would have 100 percent of the Telfer Gold Mine in Western Australia where early drilling suggested reserves of more than 500,000 ounces of gold.

Initial tests suggested Telfer ranked "as a major gold producer on a world scale," Mr. Quinn said.

Newmont, with a current market capitalization of about 650 million dollars, is offering one ordinary share for every two BHP Gold shares. The offer is conditional upon 51 percent acceptance.

Australia's largest company, Broken Hill Proprietary Co., owns 56 percent of BHP Gold.

While BHP has yet to announce its intentions under the merger proposal, directors were expected to agree to the gold division being subsumed just three years after its listing.

Prime Question at New World

By Steve Glain
International Herald Tribune

HONG KONG — The Chapter 11 bankruptcy filing last week by Prime Motor Inns Inc. has raised questions about the implications for New World Development Co., the Hong Kong property company that teamed with Prime to purchase Ramada Inc. last year.

Officials from New World and Prime gave different accounts of who will assume responsibility for Ramada's U.S. hotels, which New World sold to Prime in February. The differences reflected what analysts said were the complexities of the Ramada sale and confusion among New World's senior managers about the deal.

New World's general manager, Henry Cheng, said his company was not obligated to repay immediately a $130 million loan package it accepted from Prime as part of the complicated agreement transferring control of Ramada's U.S. operations to Prime. Nor would New World be forced to take back control of Ramada's U.S. hotels, which Prime in turn sold to U.S.-based Blackstone Capital Partners Inc. in July, he said.

Mr. Cheng said he was correcting what he said were misleading statements by New World's finance director, who said last Tuesday that New World would have to repay the loan and assume control of the U.S. franchise in the event of a bankruptcy filing by Prime.

"Basically, nothing has changed," said Mr. Cheng. "There won't be any major effect on New World. We are not forced to buy back the franchise agreement, and are only obligated to the original loan repayment schedule."

However, an executive at Prime said it is too early to say who would bear responsibility for Ramada's U.S. franchise now that Prime has filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

"There are still mutual legal and financial obligations between Prime Motor and New World," Joseph Gaynor, Prime's senior vice president of corporate finance, said from the company's headquarters in New Jersey.

Mr. Gaynor acknowledged that the franchise rights to Ramada's U.S. hotel chain had been transferred to Blackstone last July. But he said the effects of Prime's bankruptcy on New World and Blackstone could not be revealed fully until lawyers from all three companies comb through a slew of legal documents.

"I can't say at this point whether the Chapter 11 suit will have no impact on New World," he said. "Given the complexities of this situation, it could take one to two months" before the future of the U.S. Ramada franchise is clear.

Prime and New World announced their bid to purchase Ramada Inc. in April 1989 for $540 million, with New World putting up 65 percent of the purchase price. New World later sold to Prime its stake in Ramada's U.S. operations for $185 million, including $55 million in cash and $130 million in loans from Prime and J.P. Morgan & Co. The deal allowed New World to avoid the cutthroat U.S. hotel market, retain control of Ramada's overseas operations and raise money to finance the purchase.

Last Tuesday, New World's finance director, Alex Chow, said the company would be forced to repay the loan package and reassume control of Ramada's U.S. franchise should Prime file for bankruptcy protection. He did not mention that the franchise had been sold to Blackstone.

Should the loans come due, analysts said, New World would be forced to expand its existing net debt level of about HK$7 billion.

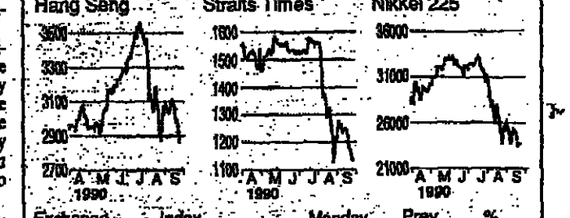
A statement released Saturday by New World said company officials were meeting with their Ramada and Blackstone counterparts to review the implications of the Prime filing. But the company "does not believe that the impact will have a material effect on New World," according to the statement.

Despite Mr. Cheng's assurances, analysts said they were withholding judgement on New World's potential role in Prime's bankruptcy file.

"The Ramada deal was very complicated for the layman, and this is reflected by misunderstandings within New World's management," said Calvin Wong, an analyst with Crédit Lyonnais (Hong Kong) Ltd. "I don't think they have a very clear idea what they've been doing with the Ramada deal."

New World's stock price closed at 8.50 Hong Kong dollars Monday, down 35 cents on the day and off 95 cents from its opening price on Wednesday, when news of Prime's bankruptcy suit reached Hong Kong investors.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2861.77	2931.86	-2.39
Singapore	Straits Times	1132.74	1148.39	-1.36
Sydney	All Ordinaries	1412.50	1428.00	-1.09
Tokyo	Nikkei 225	Closed	23777.83	
Kuala Lumpur	Composite	494.81	507.24	-2.45
Bangkok	Book Club	565.28	557.47	+1.40
Seoul	Composite Stock	587.39	584.60	+0.48
Taipei	Weighted Price	2807.21	3111.41	-9.78
Manila	Composite	605.71	626.26	-3.28
Jakarta	Stock Index	493.94	500.39	-1.29
New Zealand	Barclays	1498.00	1508.50	-0.70
Bombay	National Index	695.83	695.83	0.00

Sources: Reuters, AFP International Herald Tribune

Australia Labor Party Clears Privatizations

Reuters

CANBERRA — Australia's ruling Labor Party on Monday abandoned its traditional opposition to privatization and agreed to the sale of state airlines and a company specializing in satellite telecommunications.

Most of the 101 leading party members at a special meeting in the national capital approved government proposals for the sell-off, despite strong objections from some left-wing delegates.

Party sources said the result of the meeting, only the fourth of its kind since independence from Britain in 1901, was as important as the vote to end the "whites only" immigration policy in the mid-1960s.

The government will sell all of its domestic carrier, Australian Airlines, and a 49 percent stake in the international Qantas Airways.

The debt-ridden satellite company Aussat, whose satellites relay television and data signals, will also be completely sold off.

Australia hopes to sell Aussat to a foreign buyer willing to brave the company's 600 million Australian dollar ($495.5 million) debt. Aussat is competing in the region's telecommunications market with a new government-owned conglomerate formed by the merger of the domestic Telecom and its overseas counterpart OTC.

While there was heated debate over the privatization of Aussat, plans to sell stakes in Qantas and Australian Airlines raised little emotion.

Aviation analysts estimate that 49 percent of Qantas, which needs funds to expand its fleet of roughly 50 planes, will fetch around 1.5 billion dollars, while Australian Airlines will bring about one billion.

British Airways and American Airlines have both expressed interest, although only 35 percent of Qantas can go to foreign buyers.

The vote at the party meeting was a triumph for Prime Minister Bob Hawke who, after seven years in power, is trying to reduce government funding commitments.

Mr. Hawke and his senior ministers had warned that without party approval of the privatizations and other economic policies, the government could not expect to win the next election, which must be held in 1993 at the latest.

"If you want to get a good belly-laugh, go into Eastern Europe, go into the Soviet Union, look their good citizens in the eye and tell them their welfare depends on maintenance of state ownership and absence of competition," Mr. Hawke told his fellow Labor Party members.

Goodman Fielder Loss Blamed on Investments

Agence France-Presse

SYDNEY — Goodman Fielder Wattie Ltd., the Australian food concern, reported on Monday a net loss of 85.6 million Australian dollars ($70.7 million) in the year ended June 30 because of investment losses.

The company said its directors had "reaffirmed their commitment to the group's core food business strategy" in the wake of the investment losses, which totaled 203 million dollars.

They included losses on the sale of a 19.9 percent stake in Industrial Equity Ltd. following a failed bid for the New Zealand-based investment company.

The net loss compared with a profit of 317 million dollars in the previous year, which was inflated by investment gains of 192 million.

Before extraordinary items, after-tax profit fell 6.2 percent, to 117.1 million dollars, from 125 million.

The company said its gross operating profit jumped 21.6 percent to 200 million dollars during the period. After-tax profit was depressed by losses on the sale of plant and equipment, it said.

Sales rose 16.8 percent to 3.5 billion dollars in the latest year.

Referring to the investment losses, Goodman Fielder said, "The directors are therefore able to assure shareholders that these provisions have removed the burden these investments have placed upon the group in recent years.

Capel Unit Offers Shares In Singapore

Agence France-Presse

SINGAPORE — The stockbrokerage firm Kay Hian James Capel offered more than 80 million shares to the public here Monday despite the depressed stock market due to the Gulf crisis.

The local market index has plunged more than 26 percent since the Iraqi invasion of Kuwait in early August.

In a statement, KHJC expressed the hope that the new share issue would net some 36 million Singapore dollars ($20 million) which it said would be used to "facilitate the future development and growth" of the company.

Mandarin Oriental Profit Dips 7.4%

International Herald Tribune

HONG KONG — The luxury hotel chain Mandarin Oriental International Ltd. reported Monday a 7.4 percent drop in interim earnings — in line with market expectations — reflecting a sharp downturn in Hong Kong's hotel sector and what some analysts said was the company's slow response to increased competition.

The company's net profit for the first six months of the year, after taxes but before extraordinary items, was 176.3 million Hong Kong dollars ($22.7 million), down from 190.3 million dollars in the same period of 1989. This amounted to 26.1 cents per share.

Mandarin Oriental posted an annual profit last year of 392.8 million dollars, up 12.7 percent from the previous year.

The company's hotels in Singapore, Bangkok and Macao performed well in the first half of 1990. Together with the Mandarin Oriental Jakarta, the group's associate hotels in Asia posted an average earnings growth of 35 percent.

However, occupancy levels for Mandarin's two wholly owned subsidiaries in Hong Kong, the Oriental and the Excelsior, have fallen victim to the decline in tourism in the British colony since China's crackdown on dissent in the summer of 1989.

According to the Hong Kong Tourist Association, visitor arrivals last year totaled 5.4 million, down 4.1 percent from the previous year.

The Mandarin Oriental, the company's flagship hotel, had 56 percent occupancy in the first half of this year, down from 71 percent during the same period in 1989. Overall, Hong Kong occupancy rates averaged 79 percent in 1989 and 90 percent in 1988.

Mandarin's chairman, Simon Keswick, foreshadowed the possibility of flat earnings performance for 1990.

"Although many of the group's non-Hong Kong hotels are performing well, the main feature of the second half of the year will be increased competition arising from the addition of new hotel rooms in Hong Kong," he said. "This will bring continuing pressure to bear both on occupancy, and, on average, room rates."

Analysts were mixed on the company's near-term outlook. Some said they had expected a far bigger decline in interim earnings.

"If anything, the results are a slight improvement," said Janice Wallace, director of research at Baring Securities.

—STEVE GLAIN

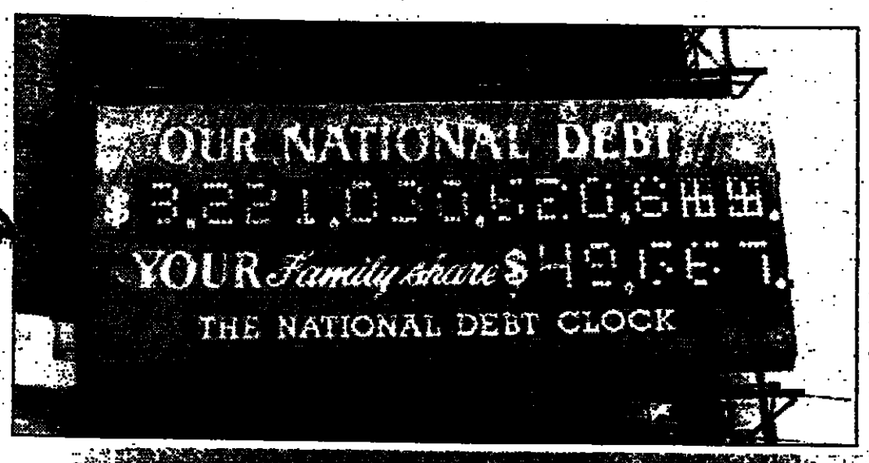


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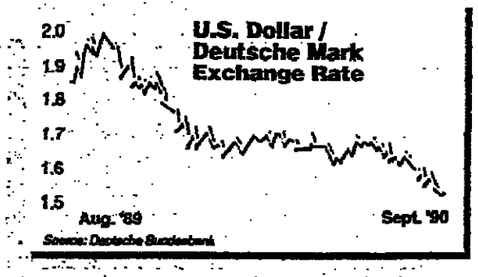
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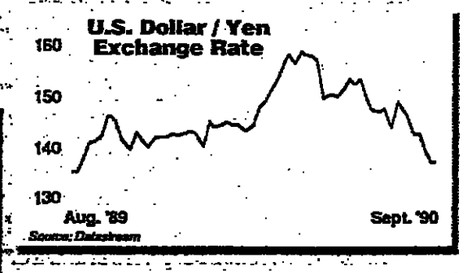
International Herald Tribune A Special Report Tuesday, September 25, 1990

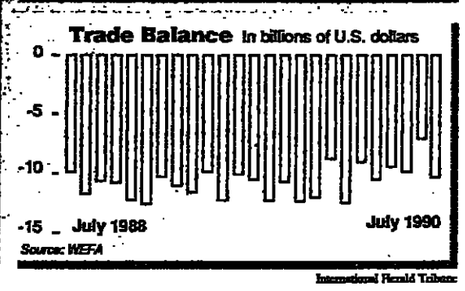
Global Banking and Finance

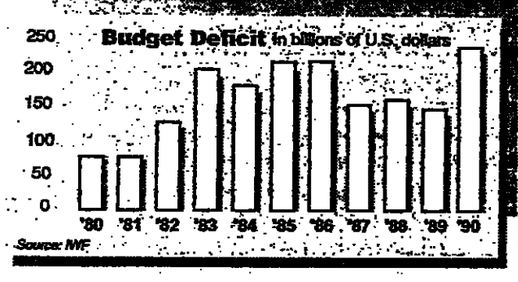


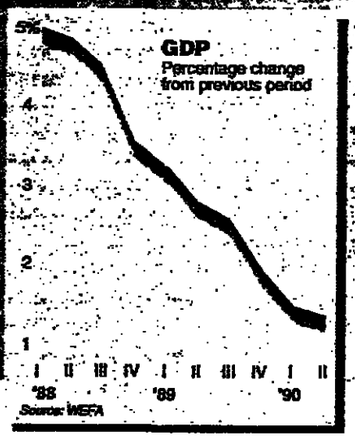
A Digital clock on 42d Street in New York Displays the growing U.S. deficit.
Reuters











International Herald Tribune

Weak Dollar May Signal New International Order

Currency Losing Appeal as Haven in Crisis

By Edward Roby

FRANKFURT — The Gulf crisis has badly damaged one of the most complacent and tenacious assumptions about the behavior of international investment capital: the notion that there is no alternative to the dollar as a safe haven in troubled times.

Despite the imminent threat of war in the Middle East, the U.S. dollar flaunted conventional wisdom by sinking throughout the month of August against all major currencies. On Aug. 27, the dollar touched an all-time Frankfurt fixing nadir of 1.5411 Deutsche marks, followed shortly by its year's lows against the Japanese yen.

The dollar went sprawling again in mid-September on U.S. economic data that Allen Sinai, the Boston Co. economist, dubbed "very recessionary." The bad news included a surprisingly large U.S. trade deficit of $9.3 billion for July, up $4 billion from June, and August consumer prices showing a clear inflationary bias.

Indeed, the prevailing view in Europe is that the U.S. currency and the U.S. economy are going through a weak phase while Western Europe continues to enjoy a boom.

"Maybe the United States is losing its significance as the world's dominant financial power," observed Harry Schröder, senior economist at Commerzbank AG. "The Americans just can't afford to have a recession now."

Granted, the inherent volatility of exchange rates has been aggravated by the Gulf crisis, which sent gold, oil and yields soaring while torpedoing the equity markets. The Middle East upheaval, featuring an unprecedented superpower intervention in the forbidden oil dominions of Arabia, clobbered all major equities markets.

Tokyo's 225-stock Nikkei average tumbled to a year's low by late September to become the most prominent casualty. On Wall Street, the Dow Jones Industrial Average was off 10.5 percent for the month of August alone. London's FT-SE 100 shed 7.9 percent and Paris CAC-40 lost 12.1 percent in the first crisis month while Frankfurt's DAX notched record lows in late September.

Spot gold, set in London at $367.30 on July 30, just before the Gulf crisis broke on Aug. 2, vaulted to $415.70 by August 23. And crude oil, which had dipped below $14 a barrel this spring, reached close to $39 a barrel on Sept. 23in what financial writers began calling the third oil shock.

The Japanese Finance Ministry began issuing assurances that Japan's bloated securities industry wasn't really in danger of massive failures as some Western observers have long predicted. And Federal Reserve Board Chairman Alan Greenspan, torn between fresh evidence of both inflation and stagnation in the United States, told a congressional panel on September 19 that the Fed might have to keep its rate option open because the Gulf crisis creates "new and substantial risks for the U.S. economy.

"We must not lose sight of the fact that no policy initiative can in the end prevent the transfer of wealth and cut into our standard of living that stems from higher prices of imported oil," Mr. Greenspan remarked ominously.

Under these circumstances, it is tempting to overlook the dollar's uncharacteristic behavior as a mere quirk of August. There is, however, solid evidence to show that the shrinking dollar is a long-term phenomenon that is essentially unrelated to the Gulf crisis. Because this represents a fresh current in the global circulation of long-term investment capital, it has at least the potential to transform the international financial order, just as the collapse of the Bretton Woods system did two decades ago by sweeping away fixed currency parities.

European bankers typically link the dollar's weakness to chronic fiscal mismanagement and neglected structural adjustment in the United States, symbolized in market patois by the notorious "twin deficits," budget and trade. Some believe this underlying affliction has now reached a critical stage.

"I am skeptical about the U.S. economy," said Gert Schmidt, deputy director of Industriekreditbank AG-Deutsche Industriebank of Düsseldorf. "They are in an unbelievable, classical dilemma. The U.S is losing its influence as the dominant economy. The relative weight of Europe is greater."

The U.S. economy was already teetering on the edge of recession when the Gulf crisis began. The shock of higher oil prices, the skeptics reason, was more than enough to tip the balance. This comes at a time when America's indebtedness to foreigners has exceeded $650 billion, and the off-budget time bomb of the thrifts bailout ticks in the background. Additionally, net government debt service as a share of federal outlays approaches a back-breaking 15 percent. A couple of different scenarios, European bankers say, could now unfold — neither of them very pleasant for the United States.

The Federal Reserve, which was leaning toward an easing of credit terms just before the inflationary impact of the current oil shock, could be persuaded to go ahead with an interest rate cut to head off recession. This would undercut the dollar, making U.S. Treasury paper much less attractive to the

Continued on page 19

Custody Business Comes Out of the Back Office

By Howard Schissel

PARIS — "Dull, but profitable" is the label traditionally pinned on global custody, the business of international securities settlement, safekeeping and reporting. This once staid activity is now provoking much excitement among world bankers.

"In the 1990s, global custody is poised to become one of the hottest banking properties around thanks to an expected sharp increase in international investment flows," said Elizabeth Block, a global custody consultant at London-based City Marketing.

Once a humble back-office administrative task, global custody is no longer just the passive safekeeping of assets. It is emerging as a technology-driven information processing sector adding value to client portfolios, while being a springboard to profit for banks through enhanced fund management potential.

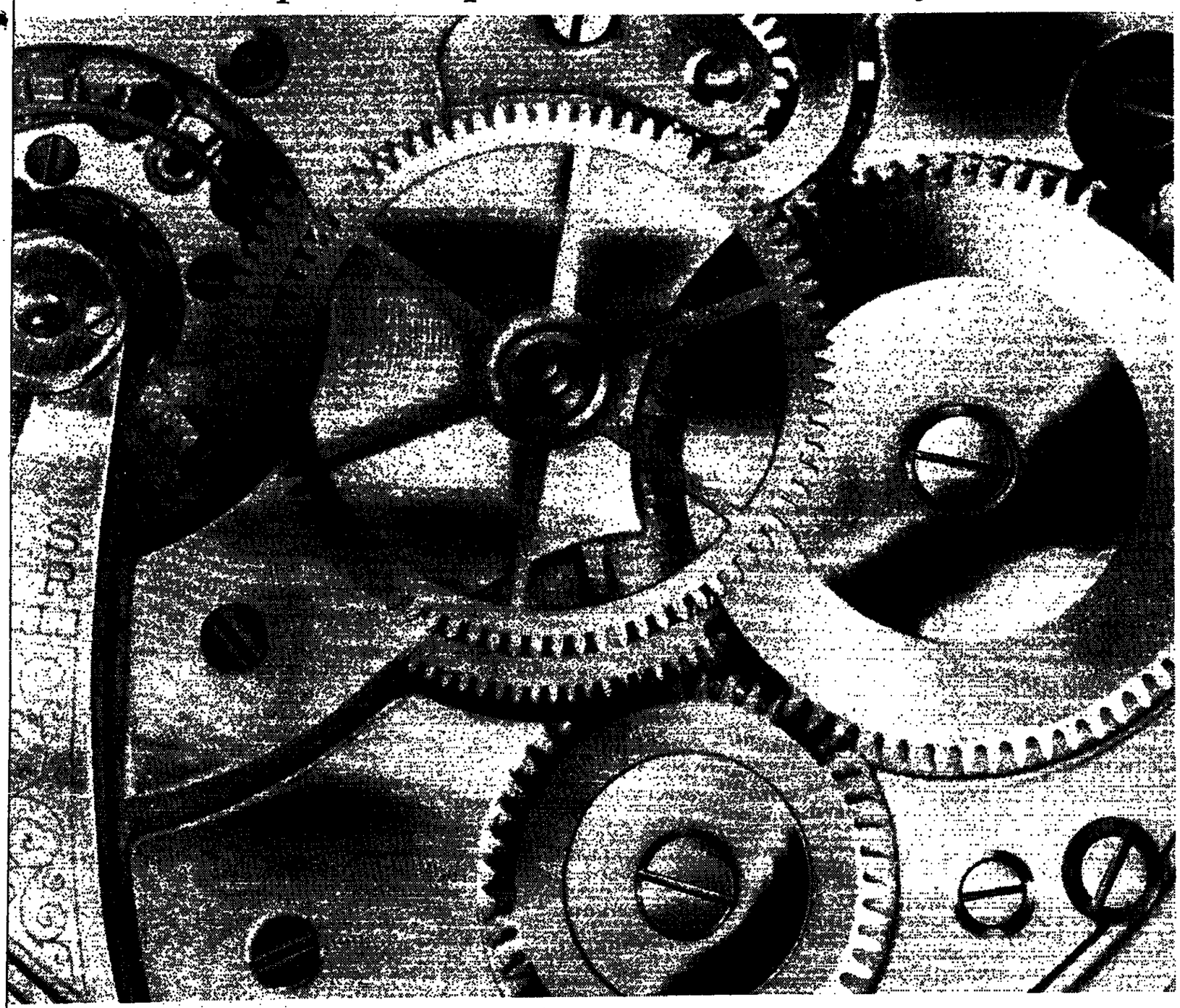
The principal users of global custody services are mutual funds, public and private corporations, nonprofit foundations, insurance groups, stockbrokers, wealthy individuals and banks seeking subcontractors in a variety of markets.

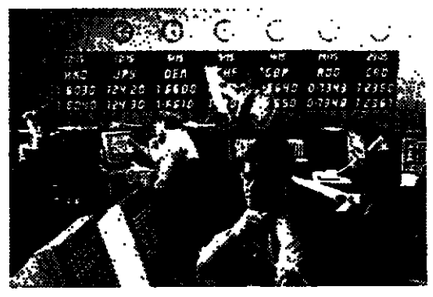
The motor force behind the booming global custody business is the increasingly international outlook of institutional investors. Salomon Brothers estimates that total cross-border investments at the end of 1989 stood at $3.2 trillion and should substantially rise throughout the decade. American fund managers, insurance companies and pension funds have $130 billion invested in securities outside the United States. Since U.S. pension funds have only a mere 3 percent of their portfolios invested abroad, there is tremendous room for expansion; the same holds true for mutual funds.

Japanese and most Continental European investors are just starting to internation-

Continued on page 19

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Sizing Up the Fed's Dilemma

Lower Interest Rate Could Mean Further Slide of Dollar

By Mark Jones

LONDON — The pronounced weakness of the U.S. dollar, which has recently taken it to record lows against a number of major currencies, is beginning to arouse concern among U.S. officials and America's trading partners. Nevertheless, the prospect of an eventual easing in U.S. interest rates has led to forecasts of further weakness for the currency.

The U.S. dollar is now light years away from the heady days of early 1985, when it reached all-time highs of 3.45 Deutsche marks, 263 yen, 2.92 Swiss francs and 1.05 to the pound on the back of high interest rates and a policy of benign neglect from the Reagan administration, which fostered belief in a strong America and powerful dollar.

The sharp slowdown in the U.S. economy this year, which has seen growth in gross national product slump to just 1.2 percent in the second quarter, and the impact of the Gulf crisis on oil prices has left the U.S. Federal Reserve, the central bank, grappling with the twin specters of inflation and recession.

Since the Fed eased its key overnight lending, or funds, rate last July by a quarter of a point to a targeted 8 percent, financial markets have tuned in for the next cut in U.S. interest rates. So far, it has not happened. But the mere prospect of a Fed easing, against the background of higher interest rates in Japan and pressure for tighter monetary policy in Germany as it faces the costs of unification, has been enough to cut the U.S. dollar's support.

"Though Gulf developments are bound to thwart fundamental trends periodically, the sharp divergence between U.S. and Japanese monetary policies is creating the foundations for further yen appreciation to, and perhaps beyond, 130 per dollar," according to economists at the brokers Warburg Securities in London.

The yield on three-month Euroyen rates has moved above Eurodollar rates for the first time since 1980 on the back of a three-quarter-point hike in the Bank of Japan's discount rate to 6 percent on Aug. 30. Similarly, short-term German interest rates were last



above U.S. rates at the time of the first oil price increase in the early 1970s. These interest rate differentials explain why the dollar has failed to rally in the face of a Gulf crisis that would, in the past, have attracted funds into dollars as a safe haven.

Pressure on the U.S. dollar reached fever pitch toward the end of August when the currency hit record lows of 1.5377 marks and 1.2525 Swiss francs, a 12-year low of 1.1300 Canadian dollars and an eight-year low of 1.9515 against the pound. The U.S. dollar has since recovered slightly against those currencies but economists believe it will remain weak in the near term, with most looking for levels around 140 yen and 1.50 marks by the end of November.

Since the start of this year, the dollar has shed around 20 percent of its value against the Swiss franc, 15 percent versus the pound and 10 percent against the mark. Even the yen, which has itself suffered as a result of the falling Japanese stock market and the impact of the Gulf crisis on its oil-dependent economy, has begun to catch up with other major currencies by posting strong gains against the dollar. It advanced by over 6 percent in the month to Sept. 7.

Since the Group of Seven (G-7) nations — the United States, Japan, West Germany, Britain, France, Canada and Italy — met in September 1985 to drive down an overvalued dollar, the United States has been fairly relaxed about its currency's decline. After the Louvre agreement in February 1987 to stabilize the currency markets, the only major intervention to support the dollar took place when it last touched record lows at the end of 1987. Indeed, Washington has looked to a weakening currency to sharpen export competitiveness and turn the U.S. trade deficit around.

THIS attitude of benign neglect may be about to change. There are already signs that senior U.S. officials are worried about the impact of further decline in the dollar would have on America's trading relationships.

Their concern was heightened even more when a policy split among the Group of Seven meeting in Washington over the weekend spelled further weakness for the dollar. Analysts say the currency is likely to suffer because the U.S. was seeking to lower interest rates in an effort to avert recession while Japan and West Germany, more concerned about restraining inflation, are pursuing tight credit policies.

Moreover, there is concern about the effect of the Gulf crisis on U.S. inflation, which would be aggravated by continued dollar depreciation, and on the U.S. trade deficit. The trade shortfall of $22.58 billion in the second quarter was the lowest since the fourth quarter of 1983. In July, however, the trade gap soared to $9.3 billion, a $4 billion jump from June's deficit of $5.3 billion.

Wayne Angell, a Federal Reserve governor, reflected the current concern among some officials when he noted earlier this month that the dollar's undervaluation against the mark could cause exports to grow at an excessive pace. He said purchasing power parity studies, which equate the domestic buying power of different currencies, show the dollar should be close to 1.90 or 1.95 marks rather than the 1.55 level around which it has recently traded.

Some of the major industrialized countries, such as France and Germany, are relaxed over the U.S. dollar's decline, given their concern about holding down inflationary pressures at a time of rising dollar-denominated oil prices. After a meeting with his French counterpart at the end of August, the West German finance minister, Theo Waigel, said, "We agree that the current dollar rate is adequate for our economies." His view is supported by Bundesbank President Karl Otto Pöhl, who recently said, "The dollar's weakness is the strength of the mark, which we welcome."

The Reserve Bank of Australia has also been active selling Australian dollars to hold the currency at around 82 U.S. cents as funds pour in to take advantage of Australian interest rates. Citibank cut its prime rate to 17 percent from 17.25 percent on Sept. 10, but interest rates remain above those of major trading partners and recent declines are unlikely to dampen



NYT

Wayne Angell

AT its late August peak, sterling had gained almost 10 percent against the mark from its level at the beginning of the year as it briefly broke through the 3-mark barrier. The pound rallied almost 5 percent against the dollar in August to a high of 1.95.

Meanwhile, pressures on the European Monetary System (EMS) have abated following a reversal of fortunes for the high-yielding Italian lira and Spanish peseta, which earlier this year threatened to de-stabilize the parity grid. After peaking at 731.4 per mark in early August, the lira had fallen back around 2 percent by early September, while the peseta dropped a similar amount from its high of 61.19 to the mark in mid-July.

MARK JONES is a reporter with the BBC radio's business and economics unit.

False Start for Equities Decade

By Gary Humphreys

PARIS — At the beginning of the year, the 1990s looked set to become the decade of international equities. The collapse of the junk markets, fears about overborrowing and rising interest rates were cited by leading equity houses in London as sure signs that for them the '90s were going to be very busy.

Not only were corporations such as Deutsche Bank or Glaxo pushing to diversify their sources of capital, surplus liquidity, through the agency of Japanese and American fund managers, was looking beyond domestic markets in search of elusive value or simply to spread risk. The global investment community was picking up on the excitement of a unifying Germany and the booming bourses of Continental Europe.

Issuers saw that a listing on one of the U.S. exchanges, through American Depositary Receipts (ARDs), or inclusion in the Stock Exchange Automated Quotations system, based in London, were the best ways for a company to boost the number of its shares traded internationally. While a rapidly developing ADRs market, which enables European and Far Eastern stocks to be listed on U.S. exchanges, brought names such as British Airways and Honda before the great American investing public.

The ADRs market now boasts 830 issues from 34 countries. Approximately $38 billion worth of ADRs were traded on the New York, American, and NASDAQ exchanges in the first six months of this year. There was suddenly a proliferation of country funds, making it simpler to buy foreign equity exposure.

It was the stuff that groundswells are made of. If the leading players in the market were to be believed, a sea change in investor attitudes was taking place. Julian Sumner, a managing director at Merrill Lynch and head of the international equity syndication in London went so far as to say that American retail investors, when offered General Motors, wanted rather to know about Fiat and Peugeot. "It was something we have been trying to make happen for years," he said.

Then Tokyo crashed, losing 10,000 points (25 percent) in the first quarter and the global equity market was suddenly a different place.

Since the beginning of the year, the Nikkei average of 225 stocks has fallen by 38 percent. This has had a considerable effect on two of the boom areas in the global equities industry, the country fund market, and the Euroequity warrant market.

It was dramatic growth of the country fund market that fueled a surge in Euroequity issuance at the beginning of the year. The funds, closed-end mutuals invested in a wide variety of countries from Spain, Germany and Italy to the Far East, were to a large extent fed by Japanese retail demand. The drop in the Tokyo stock market took some of the pep out of this demand as Japanese investors redirected reduced funds into short-term deposits and Japanese government bonds.

Nevertheless, demand from the United States was sufficient to keep U.S.-registered country funds trading at a premium to the underlying value of their stocks. Because the price of units in the fund is an expression of the demand for the fund rather than a demand for the stock contained therein, a disparity can easily develop between what you pay for a unit and what you would pay for stock in the market. In the first quarter, buyers of the Spain Fund were paying 120 percent more for each share than the value of the underlying stock. A New Germany Fund, which was started at the end of January to cash in on the unification excitement, traded at a 72 percent premium; the Italy Fund traded at 24 percent more than its underlying value.

Then, on Aug. 2, Iraq invaded Kuwait.

The collapse of the country fund prices reflect the state of the global equity market as a whole. The value of shares in the Spain Fund fell 28.2 percent, the New Germany Fund is down 21.8 percent and Italy, 26.7 percent. The value of the funds declined more than the value of their underlying stocks, a reflection of the haste with which the investors, foreigners not necessarily knowing the underlying market that well, wanted to sell out.

In Japan, the Nikkei average has dropped 19 percent since the Gulf crisis began, though Tokyo-based analysts believe that the crisis has only confirmed the inherent bearishness of the market. Bad earning reports, for example, had caused the Dow Jones Industrial Index to fall back from a high of 2999.75 on July 17 to 2899.26 on Aug. 1. The effect of the Iraqi invasion was, nevertheless, dramatic, prompting heavy selling of consumer stocks as well as some panic buying in oil names, many of which reached unprecedented highs on Aug. 3.

It seems a long way from the expansionist talk of increased equity volume that characterized the beginning of the year. Paul Horne, an economist at Smith Barney, a U.S. investment bank in Paris, summed up the change in this way: "Once again, as in October 1987, the global investment village proved to be populated by fair-weather tourists, all too anxious to fly home in a storm."

GARY HUMPHREYS is a financial journalist based in Paris.

Global Equities: The Top Ten

Ranked by September, 1990

	Millions of U.S. dollars	Sector
	4786.4	Electronics
	4288.2	Electronics
	3440.4	Pharmaceuticals
	3011.9	Energy
	2857.7	Transport

Source: MATIF Service Statistiques IHT

Indexes: The Art of Betting on the Markets

By Martin Baker

PARIS — Unless someone at the Securities and Exchange Commission has last minute objections, today will see the birth of the financial world's newest index. When the American Stock Exchange (Amex) opens for business, two new contracts will be offered investors — they will be able to buy and sell dollar-denominated options contracts tied to the movement of the Japanese market.

But of course the contracts are not really tied to the Japanese market. They are tied to an index of the Japanese market. Amex has created its own index of 210 leading Japanese shares traded on Tokyo's first market. Investors in the options contracts, which confer the right to buy or sell at a given price for a period of up to two years, will win or lose on the basis of how that index performs.

"We wanted to get as fair a representation of the market's moves as possible, so we created an index of the biggest and most stable stocks in Tokyo, but made sure they were spread across many industries," said a spokesman for Amex.

The underlying reason that Amex needs the index is the underlying reason for the existence of all stock market indexes: "The whole issue is one of performance measurement," said Tom Robinson, chief international equity strategist at Merrill Lynch in New York. "You want something that can give you an accurate measure of market performance, that's as important a reason as you can think of. There are problems with most of the major indexes in how accurately they reflect market performance. But there would be problems with anything you could devise."

Amex wants an accurate measure of performance for the Tokyo market to help it generate business from investors who want to make a speculative play on Japanese shares, or possibly protect a portfolio of shares against further falls. In that sense the index is wholly secondary to the contracts it supports. It is being used to promote business.

The concept of the index as a marketing tool is central to its development in financial markets. "Indexes really started in the U.S. in the early 1970s," said Reza Ghassemieh, senior analyst at Nomura Research Institute Europe. "People were beginning to believe in the idea of the efficient market, and pension funds started to develop and quote an index and compare their own performances against them."

The initial measures are still popular, but

> Several securities firms offer their own measure of market performance in the form of indexes of purchasable securities. Clients looking to invest in a country are often encouraged to buy the index.

are regarded as primitive by financial experts. "No one uses the Dow Jones for indexation purposes," said Mr. Ghassemieh. "It only has 30 stocks. The S&P 500 index is a much more common measure."

There are just 30 stocks in the U.K.'s FT30 index, which is losing popularity among commentators to their more sophisticated and accurate rivals.

Several securities firms now offer their own measure of market performance in the form of indexes composed of readily purchasable securities. Clients looking to invest in a country are often encouraged to buy the index.

Morgan Stanley is among those firms that have made a major commitment to indexing the world's markets. Its indexation arm, Morgan Stanley Capital International (MSCI), publishes indexes on several levels of generality. From the World Index, share indexes according to continent and country are regularly produced. MSCI generates 20 country indexes, seven international indexes (including the World Index) and eight special indexes. The special indexes specifically exclude one country. For example, the Pacific index comes in two versions — with or without Japan.

"The idea is to look at the world markets on a comparable basis," said Jodi Block, an associate of Morgan Stanley Capital International. "An index is the only way you can compare the U.S. with Japan, with Spain. And we have to do it ourselves. At first we thought we could just take the local measures, but they were all calculated on a different basis. So we do it all ourselves."

MSCI calculates its indexes on the basis that shares representing 60 percent of market capitalization of a given country's market can provide a fair record of performance.

But the number of shares to be monitored may not be quite so high as might be assumed. A relatively small number of shares will usually make up a large percentage of a market's capital.

"The shares in the U.K.'s FT All Share Index account for over 95 percent of capitalization," said Mr. Ghassemieh. "But there are more than 2,000 stocks listed on the British market."

And even within the index the story is repeated. According to recent research by Paribas Asset Management U.K., the top 300 companies in the FT All Share account for some 90 percent of the capitalization of the index.

Whether the index is biased according to the size of the companies it contains, or is more orientated toward the price moves of the shares within it, the fact remains that an index is a mathematical abstraction used for convenient performance measure.

If, of course, individual funds or shares do not measure up to that performance, the index may not seem quite so convenient. That, in part, explains the proliferation of indexes.

"We get new measures all the time because people are dissatisfied, and the number of stocks to be measured is so large."

Geography is by no means the only criterion for determining an index. MSCI has 38 indexes of the performance of world stocks by industry. Thus, in the early days of the Gulf crisis investors were told that gold mining shares around the world had done well, and that transportation stocks had done badly. And the information came in precise, dollar-converted figures. Transportation stocks were broken down into airlines, road and rail, and shipping.

In terms of performance, fund managers argue, indexes have a head start on the real world. They do not have to pay commission charges and they do not have to levy an annual fee to pay themselves a salary.

Despite that fact, there are some in the investment industry who remain highly critical of fund managers' performance. "For the year to last November, 95 percent of the U.K.'s fund managers failed to beat the index," said Tony Fraher of Morgan Grenfell Unit Managers, the London-based subsidiary of Deutsche Bank. "We took great pleasure in advertising that fact."

Morgan Grenfell has three index funds, linked to measures of the U.S., Japanese and British markets. He cites performance statistics to back his argument that to invest in the market average is a better than average investment.

Over the 1980s no one beat the index year-in year-out over 10 straight years in Japan, and only 20 percent managed to beat it cumulatively over that time. The figures for the United States and Britain are similarly discouraging.

And index investment is a growth industry, according to Mr. Ghassemieh. "In the U.S., index investment is 20 percent of the whole market. In the U.K., it's 14 percent of the pensions market. It hasn't really started in Europe."

Perhaps it will when the European Association of Stock Exchanges finally determines which companies it will include in another new index — The European 100.

MARTIN BAKER is on the staff of the International Herald Tribune.

London Leads Way in Futures

PARIS — With competition heating up in Europe and financial centers such as London, Paris and Frankfurt competing for liquidity on broadly similar products, interest has tended to drift away from the traditional heart of derivatives business in North America.

Rapid growth has also characterized the European markets, with the London International Financial Futures Exchange (LIFFE) surging ahead of the rest of the field with volume growth of 58.3 percent in futures and options contracts combined in the first half. Set against 8.4 percent for the Chicago Board of Trade and a minus 9.2 percent for the Chicago Mercantile Exchange, this looks impressive.

Of course, the North American markets still dominate in overall volume terms. The Chicago Board of Trade, for example, traded nearly 79 million contracts in the first half, compared with 17.6 million for LIFFE. However, even LIFFE's smaller European and Far Eastern competitors have been left far behind, with the Paris MATIF growing only 10.8 percent and the Tokyo Stock Exchange putting in a negligible 3.2 percent.

In January, the linking of the London Traded Options Market with LIFFE will make it possible, probably by the end of next year, to trade option contracts on shares, indexes and interest rates all in the same building.

One of LIFFE's success stories of the year has been the Euromark futures contract, which was launched almost simultaneously with the MATIF in the two markets' first open confrontation. LIFFE, which started out even with the MATIF, began to nose ahead in total volume and in the first half this year had traded 1.465 million contracts compared with just under 360,000 traded on the MATIF.

LIFFE is likely to face competition from Frankfurt's new exchange, the Deutsche Terminbörse (DTB), which was supposed to have started trading a futures contract on German government bonds on Sept. 10 but technical problems got in the way. Even when the DTB's bonds future is up and running, London is unlikely to suffer too much.

Looking for other battles to win, the MATIF has plans to launch a futures contract based on the Ecu that will challenge a LIFFE contract launched at the beginning of the year.

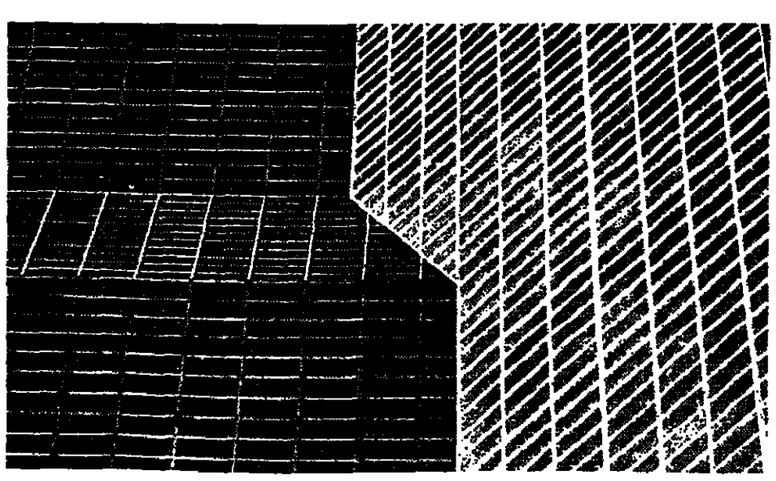
On the other side of the Atlantic, confrontation has not been focused on contracts, but rather on the way the derivatives game should be played. The role of stock index futures as a part of index arbitrage and other program trading strategies has been particularly under the microscope since the mini-crash of October 1989.

It is widely felt that continued sluggish volume in the United States is partly due to investor fears of computer-induced volatility. A New York Stock Exchange commission has suggested tighter "circuit breakers."

INVESTOR fears over market volatility might be one of the reasons for sluggish markets in the United States, but it must also be said that stable interest rates have not helped. The Chicago Mercantile Exchange's Eurodollar contract has suffered as a result of the stability of the U.S. position as third best interest rate product in the first six months, but compared with the same period last year, volume has dropped away dramatically.

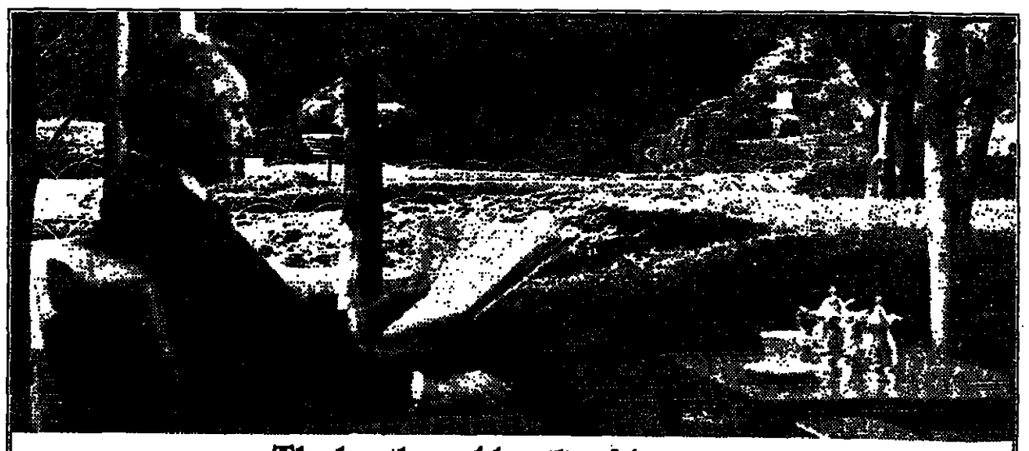
The biggest success in interest rate instruments was the Euroyen futures contract traded on the Tokyo International Financial Futures Exchange. The contract was introduced in June last year and has rocketed to fourth place in the interest instruments league.

Gary Humphreys



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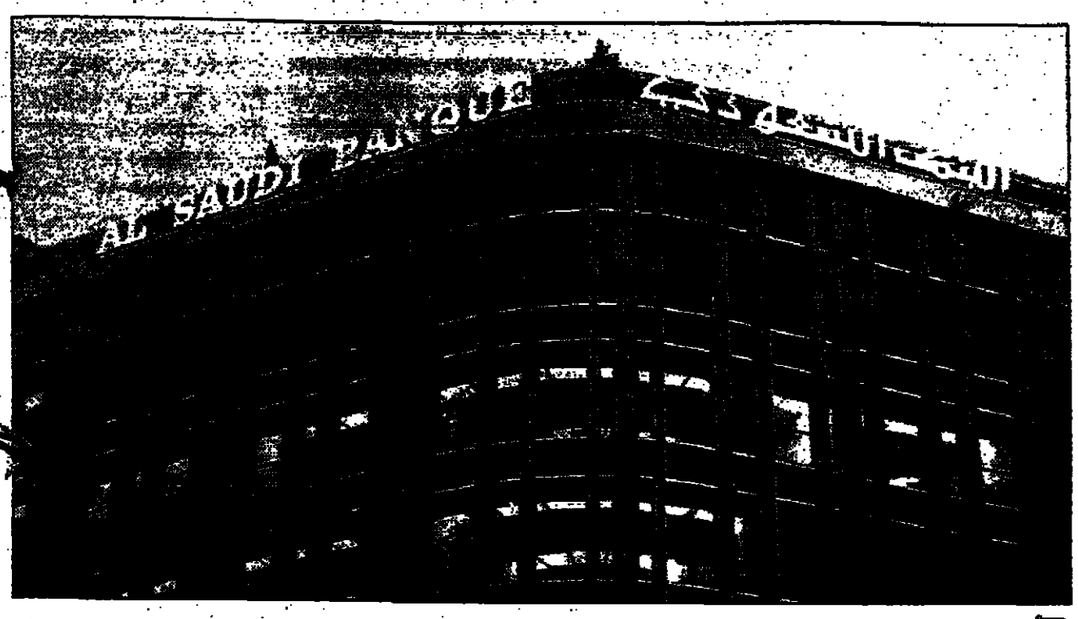
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Global Banking and Finance / A Special Report



One banker says that the tide of withdrawals in Saudi Arabia after the invasion of Kuwait has now been reversed.

After the Crisis, a Restructuring in Gulf

By Robert Bailey

LONDON — The immediate panic that followed Iraq's invasion of Kuwait has abated in the Gulf, at least for the moment. While only a thin veneer of normality has begun to return to financial activity in the area, institutions have been given a breathing space to concentrate on maintaining liquidity and plan for contingencies.

Precrisis strategic development plans, however, are on ice throughout the region. The irony is that before the invasion, prospects for Gulf business were looking more optimistic than for several years. A marked reduction in loan provisioning and better prospects were appearing in local economies, particularly for large-scale financing of capital investment projects.

In spite of these signs of recovery in a hitherto flat market, it was clear that the amount of future business would be unlikely to sustain the banking structure as it existed in the Gulf. Many forecast that at the very least the present crisis will hasten a rationalization of the region's financial structure.

Those institutions that survive are also likely to establish parallel operations outside the region to avoid the kind of legal tangles that Gulf banks that have connections with Kuwait or Iraq are now caught up in.

Arab Banking Corp., for example, has had to mount a sustained high-level campaign in Washington to avoid its assets being frozen because of the 25 percent stake held in the bank by Kuwait's Ministry of Finance. It is now awaiting the result of an application to the Bank of England to establish a separate subsidiary capitalized in the United Kingdom.

The crisis has not so far caused the collapse of any bank either in or outside the area. But even if war is avoided it is going to take an unquantifiable length of time to repair business confidence in the entire Middle East.

There are doubts that those banks that have pulled their staff out of the region will ever again judge prospects sufficiently enticing to balance against the downside risk of a presence in the area.

Robin Monro-Davies, managing director of International Banking Credit Analysis in London, believes that Gulf banks will have difficulties maintaining those parts of their deposit bases that have not been blocked.

"Things always turn out worse than people expect," he said.

However, no banks in or outside the region have been identified with any substantial exposure to either Kuwait or Iraq other than Italy's Banco Nazionale del Lavoro, whose Atlanta office is under investigation for unauthorized loans of $2.8 billion to Iraq.

Export credit financiers, though, voice concern at the wider regional fallout from the crisis, which could lead to further downgrading of debts and severe pressure on those countries with little or no income from oil and gas sales.

The stability of Middle East societies themselves is in question, and nothing is more vulnerable to such uncertainties than the banking sector.

Antoine Jeancourt-Galignani, chairman of Banque Indo-Suez, which owns 40 percent of Al Bank al-Saudi al-Fransi in Saudi Arabia, says a rush of locals to withdraw their savings has been reversed. "Small clients withdrew their money, in riyals or dollars, to hide in their mattresses or hide in their gardens," he is quoted as saying.

Other bankers estimate that some $10 billion of deposits were withdrawn from Gulf banks following the invasion of Kuwait. The biggest impact has clearly been felt by Kuwait's financial sector, which, until the beginning of August had assets of more than $50 billion. Its leading bank, the National Bank of Kuwait, with assets of $13 billion, ranked fifth in the whole of Arab banking.

The bank is now trying to consolidate its operations around its London branch office. According to its chief general manager, Ibrahim Dabdoub, the bank may have to reduce its assets by half as a result of the invasion.

Backing has come from Kuwait's exiled central bank governor, Sheikh Salem Abdul Aziz al-Sabah, who has pledged bridging finance to Kuwaiti banks requiring help to relieve strains on their liquidity.

Nevertheless, even those Kuwaiti banks able to carry on via overseas branches are going to find their position increasingly fragile as long as their home country is occupied and the sovereign base for their operations is eroded.

Like most previous Middle East crises there are many potential losers and few, if any, winners, although Turkey is already being mooted as a new offshore banking center with the presupposed demise of Bahrain. Turkish officials have suggested a free zone being established in Istanbul to accommodate those banks wishing to relocate from the Gulf.

While it would be precipitate to write off Bahrain, there is considerable gloom in Manama, which has seen its offshore banking units decline from 74 in 1984 to 55 by the end of last year. Even before the present crisis it was widely expected that further contraction would occur. The process is now likely to accelerate.

Hopes that Bahrain would again become a principal focus of financial activity in the region have been severely dented, along with expectations that Manama's embryo stock market might presage the emergence of a capital market for the region.

Rebuilding confidence is not going to be easy and will reflect the amount of business and the political and economic environment that will emerge after the storm is past in markets that can never return to the expansive era of the last 20 years.

ROBERT BAILEY, a London-based journalist, writes frequently on the Middle East.

Banks Pause in a Year of Change

By Edward Roby

FRANKFURT — The world's six largest banks have at least two conspicuous characteristics in common nowadays. Each one is Japanese and each reported a double-digit dive in net profitability this year.

The spectacle of a colossus like top-ranked Dai-Ichi Kangyo Bank experiencing a 39 percent shrinkage in net profit might have warmed the hearts of nervous foreign competitors only a few years ago. But bankers in New York, London, Paris and Frankfurt no longer harbor illusions about their own ability to turn aside Japan's financial juggernaut.

European bankers now concede that the Japanese have encountered surprisingly little difficulty meeting the tough international capital adequacy rules that were devised partly in hopes of curtailing phenomenal assets growth of these upstarts. Yet the Japanese banking offensive, except perhaps in the view of beleaguered London and the U.S. West Coast, seems to have come to a halt by itself.

Perhaps Japan's city banks took a lesson from last winter's collapse of Tokyo Stock Exchange prices, which ravaged their earnings, and now have decided to stress quality and profitability over sheer volume. The more subtle explanation is that the Japanese, along with the rest of the global banking community, have gone into a defensive crouch to weigh their response to the historic changes of the past 12 months.

Some of the dependable trends of recent years have been placed on hold while bankers wait to see whether a new international financial order emerges to match the geopolitical shift that marked the end of the Cold War. Banking strategists are suddenly being forced to consider fresh elements of uncertainty in developments such as these:

- Signs of stagnation in the Euromarket, where growth has been slowed by the liberalization of national credit markets and a series of shocks, ranging from the Third World debt crisis to the current solvency problems of the Soviet Union and its former satellites.
- Second thoughts about West European financial integration, which has lost some momentum due to the opening of Eastern Europe and the economic integration of the two German states.
- Potential instability in the concentration of economic and financial clout in Western Europe and Japan while geopolitical decisions continue to be made in Washington and Moscow.

The Euromarket, which exploded in volume in the 1970s with the need to recycle petrodollars to developing countries, sprang up to circumvent a phalanx of national restrictions on capital movements and transactions. Now that many of those restrictions have been leveled by forces like European Community market integration and international reciprocity, this market loses some advantages.

"If these disappear, then as a purely theoretical deduction the Euromarket must also disappear," said Harry Schröder, senior economist at Commerzbank. He cited recent evidence that some corporate borrowing is already being repatriated from the Euromarket to national markets, where terms are comparable. The prevailing view, however, is that the Euromarket has become established and that centers like London, and even Luxembourg, will continue to flourish.

"The last 20 years have been a phase of continual growth — but it wasn't always steady growth," said Peter Pietsch, a Commerzbank economist. "I think the Euromarket will continue to grow."

Statistics from the Bank for International Settlements (BIS) showed that the volume of net international credit grew by $466 billion to reach around $3.6 trillion in the 12 months ended last March. While the expansion of international bank lending quickened during this period, the opposite was true for the net placement volume of new Euronotes and Eurobonds.



Gordon Ros

Japanese banks have reported a sharp drop in their net profitability.

"The trend away from the Euromarket shouldn't be overemphasized," cautioned Volker Burghagen, head of the international division of Frankfurt's Dresdner Bank AG. "If you look at Eurolending activity over the past couple of years, the average tendency is to rise."

One factor depressing international financial activity early this year was the lower profile taken by U.S. banks in response to rising risks in the real estate sector and the aftermath of the junk bond crisis, which featured the collapse of Drexel Burnham Lambert. The Mexican debt conversion also encouraged U.S. banks to purge their books of some international assets. Commercial bank earnings are down sharply this year as the U.S. banks struggle to build provisions against future loan losses.

An even bigger blow to the Euromarket came last winter with the Tokyo stock market plunge, the fall of the yen and rising Japanese bond yields. This led to a temporary issuing moratorium for Japanese equity-based bonds and a drop in the coverage ratio for Japanese banks that was reflected in diminished Euromarket engagement.

Fuji Bank Ltd., third-ranked internationally, along with Nippon Credit Bank Ltd. and Bank of Tokyo Ltd., returned to the international market this month to raise fresh capital with big subordinated debt issues. BIS capital adequacy standards seem to pose no big problem. Mr. Burghagen said Japanese banks can raise new capital in their home market more cheaply than German banks can because price-earnings ratios are still very high, even with the market down.

German bankers are unconcerned about foreign encroachment on their turf, perhaps because their central bank has opened its capital market to Japanese banks only on a strict reciprocity basis. The Continental markets, moreover, are typically overbanked in the retail sector and financing of industry is a closed circuit based on long-established relationships between the corporate client and its house bank.

Reunification of Germany suddenly opens a new growth market for West Germany's biggest banks, and they are expected to lavish much of their attention on East Germany in the foreseeable future. While other European and U.S. banks poke around Eastern Europe in hopes of landing some new fee business, West Germany's big commercial banks and its cooperative and savings bank sectors are committing vast sums to stake out permanent positions in the East German market.

An expanded funding base offers German banks further advantages at a time when their country already shares with Japan second billing in the global financial pecking order of the International Monetary Fund. This fuels apprehension among Germany's neighbors just as the proposed creation of an EC common currency and central bank would require them to surrender sovereignty over their monetary policies.

Former British Trade and Industry Secretary Nicholas Ridley smashed a taboo earlier this year by assailing the goal of EC integration as an insidious formula for German economic domination. But the Germans also question whether EC currency union is in their interest. Bundesbank President Karl Otto Pöhl and Finance Minister Theo Waigel responded to the latest EC calls for speedy currency union with a clear warning that this would threaten stability.

One thing Europe and the rest of the world is likely to see is the triumph of the concept of the universal bank as it exists in France, Germany and other Continental European countries. In EC talks on uniform regulatory treatment, the universal banks have resisted formulas that might have favored the British brokerages and other specialized institutions. Even the Japanese and Americans are marching in the direction of the full-service bank.

The split banking system, European critics argue, exposes specialized banks to a boom-or-bust cycle to which the universal banks of Continental Europe are largely immune. The Drexel affair is just another example of the vulnerability of an investment bank if its market goes sour. A full-service bank would always have other businesses to tide it over.

"I cannot believe the universal system won't win," said Mr. Burghagen. "It is harder to divide than it is to universalize."

Weak Dollar May Signal a New Order

Continued from page 17

Japanese investors who increasingly finance U.S. deficits.

One view is that a tax increase would then be unavoidable to bridge the financing gap, thereby negating the buoyant effects of the Fed easing credit, and recession would arrive after a brief delay. The weaker dollar, moreover, would lead to price inflation through imports, putting the ball back in the Fed's court and closing the vicious circle.

"Whatever they do is wrong because there is no solution," Mr. Schmidt concluded. "So, the United States will get the bill for long years of reckless policy. They have lived for years over their heads and now they must pay."

In the less likely event that the Fed stands fast with current policy, it would be increasing the chances for recession. The equity market and the dollar would soon reflect the new situation.

The current global environment of rising interest rates leaves U.S. policy makers precious little leeway. Japan responded to the oil shock with a discount rate increase to 6 percent, its fifth hike since May 1989. West German interest rates, which touched postwar lows four years ago, now exceed those of the United States. Average yield on German government paper, currently over 9 percent, seems unlikely to drop soon because of huge borrowing requirements linked to the economic integration of East Germany.

U.S. inflation, moreover, exceeds that of Japan and West Germany, making real interest rates in those countries even more attractive. West Germany's real interest rates are now the highest in the world at around 6.5 percent — a situation that the Commerzbank economist Peter Pietsch called paradoxical because West Germany, with its high domestic savings ratio and huge current account surpluses, need not compete for foreign capital.

One prevailing view among analysts is that these factors place the U.S. economy at the mercy of Japanese investors, and bankers are split on how they might react. Mr. Pietsch believes Japan will continue to finance U.S. deficits, even as investment terms deteriorate, because it has no other choice. This point of view hinges on the fabled symbiosis between Japanese exporters and U.S. consumers. It also assumes that Europe, with fragmented markets and national currencies, offers no financial investment vehicle comparable to U.S. Treasury paper.

Volker Burghagen, head of the international division of Dresdner Bank, agreed that no currency but the dollar has adequate depth as a crisis haven, but that the current exchange rate should at least put investors off. "I'm surprised the Japanese have done this for so long," he said. "The dollar is starting to get too low."

Those who believe Japan's surpluses can be parked elsewhere cite interdependency and resourcefulness of financial markets, the integration of Western Europe and the sudden opening of the economies of Eastern Europe and the Soviet Union. A whiff of followed After the fall of the Berlin Wall last autumn, when Japanese funds led German stock prices to a 40 percent average gain within three months.

A higher oil price obviously affects all growth scenarios, but not the larger picture, in which European economies are better placed to outdistance many others. It is worth recalling that crude prices touched bottom in the 1980s although Iran and Iraq, which account for nearly 29 percent of OPEC's output quota, were at war. The combined production quota of Iraq and Kuwait is only 21 percent of the Organization of Petroleum Exporting Countries' 22.1 million barrels a day and only 9 percent of Western oil consumption. Many analysts expect prices to fall back to the $20-$25 range, but still well above the price before the Gulf crisis broke.

In a study for the German subsidiary of Switzerland's Bank Julius Baer, Allan Saunderson, an analyst, estimated that an average price of $25 a barrel of OPEC oil would pare U.S. economic growth this year to 2 percent from the OECD estimate of 2.3 percent. But this analyst also acknowledges recent data — 1.2 percent second-quarter growth — showing that the flagging U.S. economy would undershoot this optimistic projection by the Organization for Economic Cooperation and Development even without an oil crisis.

If crude were to settle at $25, Japanese growth would slow to 4.3 percent this year from a projected 4.7 percent. A Commerzbank scenario found that the West German economy, which notched up 4 percent real growth last year and is expected to match that in 1990, would still expand by 3.5 percent in 1991 if imported oil costs $22 a barrel. Even in the worst case, which assumed crude at $28, Germany could look for growth next year of 3 percent, thanks to the integration of East Germany. And a softer dollar cushions the impact of more expensive, dollar-denominated oil imports for Europe and Japan alike.

"There may be problems in the huge U.S. market, but new markets will open with the developments in Eastern Europe," said Mr. Burghagen. "The Gulf is far away and whatever Saddam Hussein does, this is no world war scenario. Despite all the ups and downs, the economic outlook is good to fantastic in Europe."

EDWARD ROBY is an English language editor of the German Economics News Service, VWD.

Custody Business Leaves the Back Office

Continued from page 17

ally diversify their portfolios. "The room for growth just in Tokyo alone is staggering," said a European analyst. Only British institutionals have traditionally been globally oriented, with more than $300 billion in overseas investments.

According to Barclays Bank research, the global custody business is growing at a 25 percent yearly rate, currently generating over $1 billion a year in fee income. It is no wonder that new players are dashing into the business, challenging the established banks and creating a highly competitive environment.

To succeed in global custody a bank must have the ability to collect and electronically process data, rapidly integrate this information into its own expert systems and creatively package it before communicating electronically with subcustodians and clients around the world. It costs today about $50 million to develop from scratch automated global custody systems and put into place communications systems and network organization.

This "entry fee" discourages all but the most determined banks; it is estimated that a bank needs at least $20 billion in global custody assets to justify the expenditure. Considerable outlay is also needed to keep facilities up-to-date: Chase Manhattan, for example, recently spent $40 million on a new Global Custody Center in Bournemouth, England.

Banks can earn between 10 and 20 basis points (a basis point is one-hundredth of a percentage point) on client portfolios, depending on the number of securities, the size of assets and market conditions. "How many sectors in banking can be said to produce such a reliable low-risk stream of income?" remarked a European banker.

Moreover, custody services are the source of other revenue-generating activities. For instance, a common practice is securities lending: Fees are usually split on a 50/50 basis between the owner and the custodian.

HOWARD SCHISSEL is a financial journalist based in Paris.

KEEP YOUR EYE ON THE THINGS YOU CANNOT SEE

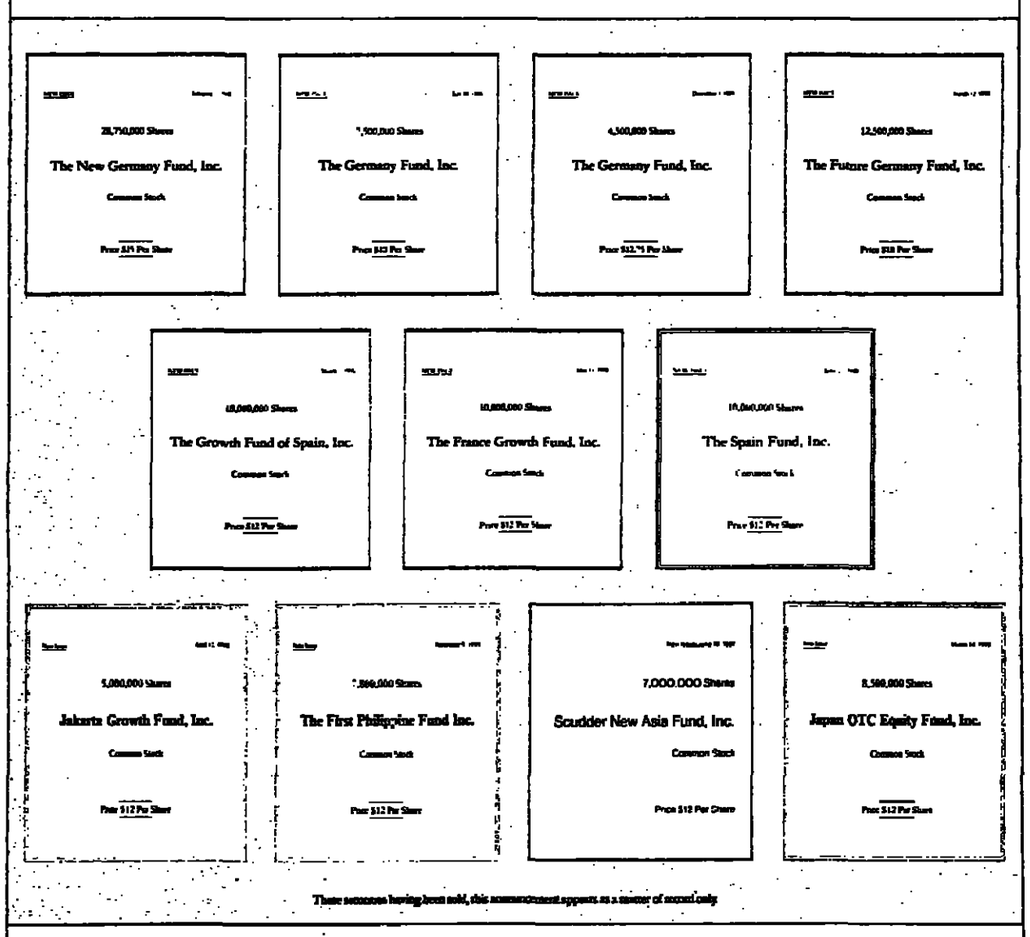
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SPORTS

49ers Win Again, 19-13, When the Falcon Defense Can't Keep Up With Jones

Compiled by Our Staff From Dispatches

The Atlanta Falcons were paying so much attention to Jerry Rice, they forgot about Brent Jones.

Rice, who had been held in check for the first two games of the National Football League season, caught a season-high eight passes for 171 yards and a touchdown on Sunday. Jones had the finest game of his NFL career as the San Francisco 49ers beat the Falcons, 19-13.

NFL ROUNDUP

Rice was a problem all afternoon for the Falcons. That was particularly important since the 49ers' other starting wide receiver, John Taylor, was out with a back injury. Taylor is the NFL's leading receiver

"Every game I seem like a marked man," said Rice, who caught a 35-yard scoring pass from quarterback Joe Montana. Rice said opposing defenses "feel that if they take me out of the game, they have a chance to win. But if you try to shut one of our receivers down, the others will burn you."

The attention given to Rice indeed has helped Jones, a tight end who has worked with a speed coach the last two summers. Jones caught five passes for 125 yards and a touchdown on Sunday.

His touchdown came with the 49ers clinging to a 12-10 lead late in the third quarter. He caught Montana's pass at the San Francisco 42, cut to the sideline, outraced linebacker Jessie Tuggle, sidestepped defender Bobby Butler at the 40 and held off Deion Sanders for the last 10 yards.

"We blew that coverage," said Atlanta safety Scott Case. "You don't expect Brent Jones to do that to you, but you know Jerry Rice will."

Montana completed 24 of 36 passes for 398 yards and two touchdowns. He came close to trouble in the final moments of the fourth quarter when Sanders, with only clear space between himself and the end zone, nearly intercepted a pass that Montana intended for Rice.

The 49ers' Roger Craig caught two passes to tie Walter Payton for the most career receptions by an NFL running back. Payton had 492 catches for the Chicago Bears.

The loss was particularly costly to the Falcons, whose leading rusher, rookie Steve Broussard, left the field on a stretcher in the third quarter with a sprained left knee.

Jerry Glanville, the Falcons' new coach, blamed breakdowns in recently introduced defensive schemes for the loss.

"It's my fault," said Glanville, "because it's a six-year package and I'm trying to get it done in six months. It's a complicated defensive thing that we're trying to do."

Raiders 20, Steelers 3: Marcus Allen broke open a close game with a one-yard scoring run with 11:03 left and the undefeated Raiders extended Pittsburgh's streak without a touchdown on offense to three games. The Raiders are 8-0 in the Los Angeles Coliseum with Art Shell as coach.

The Raiders sacked Pittsburgh quarterback Bubby Brister six times.

Mervyn Fernandez caught a 66-yard touchdown pass from Jay Schroeder for Los Angeles with 8:32 left. Fernandez had five receptions for 130 yards.

Broncos 34, Seahawks 31: Six days after rallying the Broncos over Kansas City in the final moments, John Elway and David Treadwell did it again. This time, they needed to go into an extra period in Denver, as Elway completed three passes and Bobby Humphrey ran 26 yards on a draw play, setting up Treadwell's 25-yard field goal.

Treadwell had missed from 49 yards late in regulation, and Seattle's Norm Johnson was wide on 39 yard kick at the end of regulation and a 44-yarder in overtime. Then the Broncos drove 66 yards in eight plays.

Chargers 24, Browns 14: In Cleveland, Billy Joe Tolliver threw two touchdown passes to Anthony Miller and Henry Rolling returned an interception 67 yards to set up a third score.

Cleveland quarterback Bernie Kosar was intercepted three times after throwing 152 regular-season passes without an interception.

Eagles 27, Rams 21: Randall Cunningham threw two touchdown passes for Philadelphia and engineered a 71-yard drive that consumed the final eight minutes of the game in Anaheim, California.

The Eagles limited the Rams' league-leading offense to 35 yards rushing. Philadelphia got a boost from Keith Jackson, who caught four passes for 77 yards in his first game since ending his 50-day holdout on Wednesday.

Buccaneers 23, Lions 20: Vinny Testaverde led two fourth-quarter touchdown drives for the Buccaneers in Tampa Stadium.

Testaverde's three-yard pass to John Harvey with 4:21 to go completed a 56-yard drive and provided the winning points. The drive included a pair of 26-yard completions to Bruce Hill and Ron Hall.

Steve Christie kicked three field goals for Tampa Bay. *(UPI, AP)*

■ Rough Day for Quarterbacks

The Minnesota Vikings lost starting quarterback Wade Wilson for at least a month when he tore a ligament in his right thumb on one of the last plays of Minnesota's 19-16 loss to Chicago on Sunday, The Associated Press reported.

Wilson was scheduled to have surgery on Tuesday, a team spokesman said, adding that Wilson will be placed on injured reserve.

And in Herndon, Virginia, just outside of Washington, United Press International reported that Redskins quarterback Mark Rypien will undergo exploratory arthroscopic surgery Tuesday on his left knee, which was sprained during Sunday's 19-15 victory over the Dallas Cowboys.

The surgery will determine the extent of damage to Rypien's knee, said Dr. Charles Jackson of the Redskins. Jackson said Rypien had never been able to straighten his knee after the injury.



Conti Mast/Reuters

Brent Jones turned heads when he scored on a 67-yard pass play for San Francisco.

Beckenbauer, Tapie Unshaken by Defeat

Compiled by Our Staff From Dispatches

MARSEILLE — Bernard Tapie, owner of the Marseille soccer team, came to the defense Monday of Franz Beckenbauer, who was hired to lead the French champion to European glory only to see it lose its first league match under his direction.

Beckenbauer appeared to be unruffled by Saturday's 1-0 loss to visiting Cannes, in which fans chanted the name of Gerard Gili, who quit as coach last week after Beckenbaur was named technical director.

"I'm sorry for them," said Beckenbauer. "But we shall start working now."

Gili will start working for rival Bordeaux, which signed him Monday as coach.

"Under Gili, Marseille has beaten no one that matters at European level," Tapie said. "If we hope to beat Milan AC or Bayern Munich one day, we need great players, but also a perfect organization. That's what I trust Beckenbauer to set up. Beckenbauer is better than Gili was. He just needs time." *(Reuters, AP)*

College Football Conference Standings

Atlantic Coast Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Virginia	2	0	0	79	7	4	0	0	194	31
Ga. Tech	1	0	0	21	13	2	0	0	65	22
Clemson	1	1	0	25	27	3	1	0	122	37
Maryland	1	1	0	30	38	3	1	0	44	53
N. Caro. St.	1	2	0	45	49	2	2	0	112	69
N. Carolina	0	0	0	0	0	3	1	0	183	61
Duke	0	1	0	0	59	1	2	0	37	104
Wk. Forest	0	1	0	15	20	1	2	0	55	65

Big Eight Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Nebraska	0	0	0	0	0	3	0	0	129	14
Oklahoma	0	0	0	0	0	3	0	0	138	34
Kansas St.	0	0	0	0	0	2	1	0	114	55
Colorado	0	0	0	0	0	2	1	1	183	93
Okla. St.	0	0	0	0	0	2	2	0	71	107
Iowa St.	0	0	0	0	0	1	2	0	86	71
Kansas	0	0	0	0	0	1	2	0	64	99
Missouri	0	0	0	0	0	1	2	0	71	88

Big Sky Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Nevada	2	0	0	75	20	3	0	0	116	35
Boise St.	1	1	0	34	30	3	1	0	82	61
E. Wash.	1	1	0	40	41	2	1	0	86	47
N. Arizona	1	1	0	45	79	2	1	0	82	82
Idaho	1	1	0	41	54	2	2	0	122	144
Montana St.	1	1	0	41	44	2	2	0	84	101
Weber St.	1	2	0	86	99	2	2	0	123	120
Montana	0	0	0	0	0	3	0	0	129	37
Idaho St.	0	1	0	38	45	1	2	0	85	101

Big Ten Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Indiana	0	0	0	0	0	2	0	0	103	31
Iowa	0	0	0	0	0	2	0	0	108	45
Ohio St.	0	0	0	0	0	2	0	0	48	20
Illinois	0	0	0	0	0	2	1	0	95	71
Michigan	0	0	0	0	0	1	1	0	42	43
Purdue	0	0	0	0	0	1	1	0	55	33
Minnesota	0	0	0	0	0	1	2	0	49	107
Wisconsin	0	0	0	0	0	1	2	0	54	59
Mich. St.	0	0	0	0	0	0	1	1	42	43
Northwestern	0	0	0	0	0	0	2	0	38	58

Big West Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
San Jose St.	2	0	0	75	27	2	1	1	102	57
Fresno St.	1	0	0	42	3	4	0	0	138	37
Utah St.	1	0	0	27	13	1	2	0	37	77
Long Beach	1	1	0	41	34	1	3	0	61	131
Fullrtn St.	0	0	0	0	0	1	3	0	85	137
UNLV	0	1	0	13	47	1	3	0	91	135
N. Mex St.	0	1	0	3	42	0	4	0	46	150
Pacific	0	2	0	21	56	1	3	0	69	144

Ivy League

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Harvard	1	0	0	9	6	2	0	0	35	6
Yale	1	0	0	27	21	2	0	0	45	38
Cornell	1	0	0	17	14	1	1	0	41	73
Penn	1	0	0	14	6	1	1	0	19	23
Dartmouth	0	1	0	6	16	1	1	0	39	30
Princeton	0	1	0	14	17	1	1	0	37	31
Brown	0	1	0	21	27	0	2	0	24	50
Columbia	0	1	0	6	9	0	2	0	22	50

Mid-American Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Toledo	2	0	0	48	30	3	0	0	71	44
E. Mich.	2	0	0	48	42	2	2	0	72	107
Cent. Mich.	1	0	0	17	0	2	1	1	82	34
W. Michigan	1	1	0	61	37	2	1	0	88	58
Ball St.	0	1	0	16	28	1	2	0	36	55
Bowl. Green	0	1	0	0	17	1	2	0	41	58
Ohio U.	0	1	0	18	21	1	2	0	63	88
Miami, Ohio	0	1	0	14	28	1	3	0	37	101
Kent St.	0	1	0	10	37	0	3	0	44	110

Mid-Eastern Athletic Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
N. Cr. A&T	1	0	0	49	0	4	0	0	137	41
Howard	1	0	0	23	20	3	0	0	78	41
Beth.-Cok.	1	0	0	21	7	2	1	0	58	68
Del. St.	0	0	0	0	0	2	1	0	74	60
Fla. A&M	0	0	0	0	0	1	2	0	78	72
S. Car. St.	0	1	0	20	23	1	2	0	68	47
Morgan St.	0	2	0	7	70	0	4	0	29	167

Ohio Valley Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Mid. Tenn.	1	0	0	38	6	4	0	0	122	40
E. Kentucky	0	0	0	0	0	3	0	0	111	46
Tenn. Tech	0	0	0	0	0	2	2	0	115	103
Murray St.	0	0	0	0	0	1	2	0	21	123
Morehead	0	0	0	0	0	1	3	0	42	107
Austin Pey	0	0	0	0	0	0	3	0	17	86
Tenn. St.	0	1	0	6	38	2	2	0	69	105

Pacific-10 Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Arizona	1	0	0	22	17	3	0	0	75	42
Washington	1	0	0	31	0	3	0	0	71	31
Wash. St.	1	0	0	41	31	2	2	0	111	118
UCLA	1	0	0	32	31	1	2	0	61	103
Stanford	1	1	0	68	35	1	2	0	85	56
Ariz. St.	0	0	0	0	0	2	0	0	65	33
Oregon	0	1	0	17	22	2	1	0	114	66
So. Cal.	0	1	0	0	31	2	1	0	53	41
California	0	1	0	31	47	1	2	0	83	105
Oregon St.	0	1	0	3	37	0	4	0	59	142

Patriot League

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Bucknell	1	0	0	21	14	2	1	0	91	72
Lehigh	1	0	0	35	3	2	1	0	84	50
Colgate	0	0	0	0	0	2	1	0	97	82
Holy Cross	0	0	0	0	0	1	1	1	34	37
Lafayette	0	1	0	14	21	1	2	0	63	55
Fordham	0	1	0	3	35	0	3	0	33	98

Southeastern Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Florida	1	0	0	17	13	3	0	0	94	23
Auburn	1	0	0	24	10	2	0	0	62	27
Tennessee	1	0	0	40	7	3	0	1	182	45
Vanderbilt	1	0	0	24	21	1	1	0	31	65
Georgia	1	1	0	38	34	2	1	0	48	51
LSU	1	1	0	39	37	2	1	0	74	44
Kentucky	0	0	0	0	0	1	3	0	65	102
Mississippi	0	1	0	10	24	2	1	0	54	62
Miss. St.	0	1	0	7	48	2	1	0	47	63
Alabama	0	2	0	29	34	0	3	0	53	41

Southern Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
W. Carolina	2	0	0	49	37	2	2	0	88	144
Furman	1	0	0	38	21	3	1	0	128	62
Citadel	1	0	0	21	10	2	1	0	42	51
Appalachian	1	0	0	34	24	1	2	0	46	95
Marshall	0	1	0	10	21	2	1	0	90	35
VMI	0	1	0	28	38	2	2	0	85	97
Tn-Chatt	0	1	0	21	38	1	2	0	70	99
E.Tenn.St.	0	2	0	41	55	0	4	0	68	128

Southland Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
NE La.	1	0	0	30	27	2	1	0	65	57
N. Texas	0	0	0	0	0	2	1	0	46	53
NW La.	0	0	0	0	0	1	2	0	53	59
Sam Hou	0	0	0	0	0	1	2	0	36	33
S.F.Austin	0	0	0	0	0	1	2	0	75	65
McNeese	0	0	0	0	0	1	3	0	64	134
SW Texas	0	1	0	27	30	1	3	0	99	110

Southwest Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Houston	1	0	0	51	35	2	0	0	88	44
Texas A&M	0	0	0	0	0	3	0	0	131	35
Rice	0	0	0	0	0	2	1	0	74	52
TCU	0	0	0	0	0	2	1	0	54	61
Arkansas	0	0	0	0	0	1	1	0	45	24
SMU	0	0	0	0	0	1	1	0	51	58
Texas	0	0	0	0	0	1	1	0	39	42
Baylor	0	0	0	0	0	1	2	0	26	56
Texas Tech	0	1	0	35	51	1	2	0	79	104

Southwestern Athletic Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
Tex. Southern	2	0	0	50	39	4	0	0	98	70
Grambling	1	0	0	42	13	3	0	0	101	36
Jackson St.	1	0	0	57	34	3	1	0	154	64
Southern U.	1	1	0	23	32	1	2	0	44	58
Ala. St.	1	2	0	70	34	1	2	1	94	58
Miss. Val.	0	1	0	34	57	1	3	0	47	133
Alcorn	0	2	0	16	83	0	4	0	38	128

Western Athletic Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
BYU	2	0	0	92	44	4	0	0	170	101
Colo. St.	2	0	0	73	53	3	1	0	134	97
Wyoming	1	0	0	24	12	4	0	0	130	75
Hawaii	1	1	0	22	34	1	2	0	35	62
Air Force	1	2	0	72	62	2	2	0	82	69
New Mex.	0	0	0	0	0	1	3	0	38	95
Utah	0	1	0	7	19	2	2	0	68	79
San Diego St.	0	1	0	34	62	1	2	0	93	124
Tx-El Paso	0	2	0	30	66	1	3	0	57	148

Yankee Conference

	Conference W	L	T	Pts	OP	All Games W	L	T	Pts	OP
New Hmp.	3	0	0	83	43	3	0	0	83	43
Rhode Isd.	1	0	0	37	0	3	0	0	100	24
Mass.	1	0	0	21	19	1	0	1	31	20
Villanova	1	0	0	31	7	1	2	0	66	47
Delaware	1	1	0	47	54	2	1	0	54	66
Boston U.	0	1	0	20	34	1	3	0	89	96
Conn.	0	1	0	16	21	0	3	0	44	93
Richmond	0	1	0	0	37	0	3	0	17	94
Maine	0	3	0	37	80	0	3	0	37	80

Major Independents

	W	L	T	Pts	OP
Florida St.	3	0	0	124	43
S. Carolina	3	0	0	83	39
Army	2	0	0	65	24
Notre Dame	2	0	0	48	43
Akron	3	0	1	117	48
Louisville	3	0	1	115	33
Navy	2	1	0	65	94
Rutgers	2	1	0	52	53
Pittsburgh	2	1	1	94	81
E. Carolina	2	2	0	94	96
La. Tech	2	2	0	129	64
Memph.St.	1	1	1	82	75
Miami, Fla.	1	1	0	73	52
N. Illinois	2	2	0	98	136
S. Miss.	2	2	0	66	55
SW La.	2	2	0	96	110
Syracuse	1	1	2	78	86
Temple	2	2	0	84	75
Tulane	2	2	0	83	96
Va. Tech	2	2	0	82	85
Penn St.	1	2	0	55	36
W.Virginia	1	2	0	52	42
Tulsa	1	3	0	57	116
Boston Col.	0	2	0	16	68
Cincinnati	0	4	0	42	147

Independents

	W	L	T	Pts	OP
Liberty	4	0	0	121	64
Youngstn St.	4	0	0	125	51
W. Ky.	2	1	0	58	29
Wm & Mary	2	1	0	92	55
Cent. Fla.	2	2	0	98	80
Nicholls St.	2	2	0	94	96
Samford	1	1	1	48	58
Ark. St.	1	2	1	81	116

The Top 25 Teams

How the top 25 teams in The Associated Press' poll fared, and next their next opponents (Saturday, unless otherwise noted):

1. Notre Dame (2-0) beat No. 24 Michigan State, 20-19. Next: vs. Purdue.
2. Florida State (3-0) beat Tulane, 31-13. Next: vs. Virginia Tech.
3. Auburn (2-0) did not play. Next: vs. No. 6 Tennessee.
4. Brigham Young (4-0) beat San Diego State, 62-34. Next: at Oregon.
5. Southern Cal (2-1) lost to No. 21 Washington, 31-0. Next: at No. 16 Ohio State
6. Tennessee (3-0-1) did not play. Next: at No. 3 Auburn.
7. Michigan (1-1) beat UCLA, 38-15. Next: vs. Maryland.
8. Nebraska (3-0) beat Minnesota, 56-0. Next: vs. Oregon State.
9. Miami, Fla. (1-1) did not play. Next: vs. Iowa.
10. Virginia (4-0) beat Duke, 59-0. Next: vs. William & Mary.
11. Oklahoma (3-0) beat Tulsa, 52-10. Next: vs. Kansas.
12. Texas A&M (3-0) beat North Texas, 40-8. Next: at LSU.
13. Arkansas (1-1) lost to Mississippi, 21-17. Next: vs. Colorado State at Little Rock.
14. Houston (2-0) did not play. Next: vs. Rice.
15. Illinois (2-1) beat Southern Illinois, 56-21. Next: at Ohio State, Oct. 6.
16. Ohio State (2-0) did not play. Next: vs. No. 5 Southern Cal.
17. Clemson (3-1) beat Appalachian State, 48-0. Next: vs. Duke.
18. Arizona (3-0) beat Oregon, 22-17. Next: vs. California.
19. Florida (3-0) beat Furman, 27-3. Next: vs. Mississippi State.
20. Colorado (2-1-1) beat No. 22 Texas, 29-22. Next: vs. No. 21 Washington.
21. Washington (3-0) beat No. 5 Southern Cal, 31-0. Next: at No. 20 Colorado.
22. Texas (1-1) lost to No. 20 Colorado, 29-22. Next: at Rice, Oct. 6.
23. Arizona State (2-0) did not play. Next: at Missouri.
24. Michigan State (0-1-1) lost to No. 1 Notre Dame 20-19. Next: at Rutgers.
25. Pittsburgh (2-1-1) tied Syracuse, 20-20. Next: vs. West Virginia.

CHESS

By Robert Byrne

IT is often thought that grandmasters rank among the world's great egotists, but generally that isn't so. To assure yourself of this, all you need do is compliment one about a victory. Often the luminary's attention will all be on a move that turned out to be wrong. For instance, when Roman Dzindzichashvili's colleagues praised his game with the Chicago grandmaster Dmitry Gurevich in the United States championship, the New Yorker replied, "I should not have exchanged the light-square bishops." Almost as an afterthought, he added, "Oh, yes, the finish had some nice points." The game was played Aug. 5 in Jacksonville, Florida.

These days the defense with 3...Bb4 and 4...d5 promulgated by the world championship challenger of the '30s, Efim Bogolyubov, has become popular as a way of easing the pressure of the Catalan Opening: 4 Bd2 would allow a simplifying exchange while the 4 Nd2 of this game puts the white queen knight on a comparatively ineffective square.

In the Moscow Open last year, Peter Szekely accepted Gurevich's gambit with 6...dc, but White got strong pressure after 7 O-O c3 8 Nc4 Nc6 9 Qb3 cb 10 Bb2.

Probably the most secure way to continue after 10 O-O would have been 10...c5. Instead, Dzindzichashvili veered off into the more complicated 10...a5 11 b5 Ne5 12 de Nd7 13 cd. Here is where he later thought that the correct recapture would have been 13...ed. It does look as though 14 Nf3 Re8 15 bb2 Bc5 16 Rc1 Qe7 17 a4 f6 would have been fully adequate for Black. Instead, he played 13...Bd5? 14 Bd5 ed 15 Nf3 Re8, after which Gurevich could have turned up the heat with 16 Ra2! (but not 16 Qd5?! Ne5! 17 Qe5? Bf6) Bc5 17 Bg5 Be7 18 Be3 Bf8 19 Bf4, with a powerful threat of 20 Rd2. "But Gurevich thought he was very safe and had the time for 16 a4," said Dzindzichashvili.

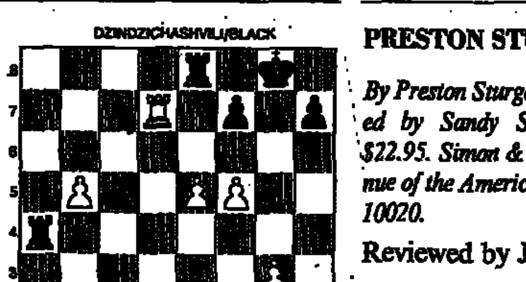
After 18 Nc6, Gurevich's knight looked strongly posted, but it was gone after 18...Bf8 19 Ra2 Na6! 20 Rd2 Nb4! 21 Nb4 ab. The pawn that Black lost to 22 Rd5 had to be recovered after 22...Qe6 23 f4 c6! But Gurevich should have played 24 bc Bc5 25 Kg2 Qc6, though Black's superior pawns and dynamic piece placement give him the advantage here, too.

After 24 Rd7?! c5!, Black's connected passed pawns were a power to be reckoned with. Just how powerful became shockingly clear after Dzindzichashvili's exchange sacrifice, 27...Qa1! Had Gurevich accepted it with 28 Qa1 Ra1 29 Ra1, he would not have been able to defend against the marching pawns. For example, 29...c4 30 Rdd1 c3 31 Rdc1 Re5 is untenable for White.

Rather than give Gurevich any tricky chances with 28...fe? 29 f6!? (29...gf? 30 Qc2!) Dzindzichashvili coldbloodedly brought about a winning rook-and-pawn ending with 28...Rea8! 29 Qd5 Qd4 30 Qd4 cd 31 e7 Be7 32 Re7 b3.

After 40...bc, both the rook-and-pawn ending following 41 Rb3 Re2 and the king-and-pawn ending following 41 Ra2 ba 42 Kb2 c4 held no problems for Black. Gurevich gave up.

DZINDZICHASHVILI/BLACK



GUREVICH/WHITE

Position after 27 f5

BOGO-INDIAN DEFENSE

	White Gurevich	Black Dzin'dzvili		White Gurevich	Black Dzin'dzvili
1	d4	Nf6	22	Rd5	Qe6
2	c4	e6	23	f4	c6
3	g3	Bb4	24	Rd7	c5
4	Nd2	d5	25	Bb2	Qa2
5	Bg2	O-O	26	Ba1	Ra4
6	Ngf3	b6	27	f5	Qa1
7	Ne5	Bb7	28	e6	Rea8
8	a3	Be7	29	Qd5	Qd4
9	b4	Nbd7	30	Qd4	cd
10	O-O	a5	31	e7	Be7
11	b5	Ne5	32	Re7	b3
12	de	Nd7	33	Kf2	Rb4
13	cd	Bd5	34	Rb1	Rb5
14	Bd5	ed	35	Rc7	Rf5
15	Nf3	Re8	36	Ke1	Rb5
16	a4	Nc5	37	Kd2	b5
17	Nd4	Qd7	38	Rb2	Ra2
18	Nc6	Bf8	39	Kc1	Rc5
19	Ra2	Na6	40	Rc5	bc
20	Rd2	Nb4	41	Resigns	
21	Nb4	ab			

BOOKS

PRESTON STURGES

By Preston Sturges. Adapted and edited by Sandy Sturges. 352 pages. $22.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by John Anderson

FOR too brief a time during the early to mid-1940s, Preston Sturges had what it took to create comic art in Hollywood with films such as "The Lady Eve," "The Palm Beach Story," "Christmas in July" and "Sullivan's Travels." Combining the very different, if equally difficult, roles of screenwriter and director, Sturges managed to exercise an enormous degree of artistic control in a business whose essence was mass production.

Like most states of grace, though, this one soon came to an end. Whimsy, anger, energy and arrogance — useful enough traits in a film director — eventually combined to lead Sturges into a serious miscalculation of his own best interests. Tired of quibbling with the bosses at Paramount and riding high atop his own fame of the moment, he decided to cast his lot with another Hollywood renegade, the Texas millionaire Howard Hughes, to finance a new studio.

Thus was born California Pictures Corp., known as Cal-Pix, in the summer of 1944. For where Hughes was, or rather Hughes's money was, there was to be found the ultimate word in control. A less arrogant or lesser man might well have perceived as much from the beginning and backed off. Sturges, as always, went ahead full throttle. And failed miserably.

"Preston Sturges" is not particularly about any of that. Fewer than a hundred of its pages deal directly with the world of Hollywood. Most of the terrain is familiar ground, having been explored by James Curtis in his more than competent biography of a decade ago, "Between Flops." What we have instead is a remarkably charming, even lilting account of Sturges's early life drawn together by his last wife, Sandy, from letters, private diaries and an unfinished autobiography left at the director's death in 1959.

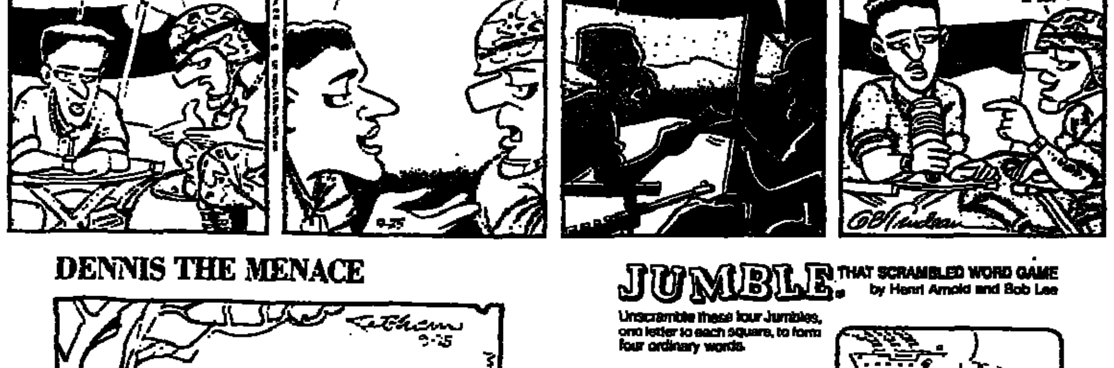
Nothing in any Sturges movie quite matches the reality of the writer's own life as an exploration of ambiguity, nor for its sheer absurdity, its joie de vivre or its heartbreak — though these things touch, influence, explode upon the cinematic canvases of all the great Sturges films.

For this is the story of a little boy who only once met his real father, a "Mr. Biden." Who adored, without reservation, the man whose name he bore and called "Father." Whose mother, Mary Dempsey, fancied her plebian Irish name to be merely a corruption of the aristocratic Italian "d'Este," and so affixed that token of nobility to her own. She was the founder of the celebrated perfumery Maison d'Este in pre-Great War Paris, a great good friend to the dancer Isadora Duncan and a free spirit and passionate lover of men.

A life too preposterous for words? All life is, but Preston Sturges's was something special.

John Anderson, co-author of "Burning Down the House," is working on a biography of Raymond Chandler. He wrote this for The Washington Post.

DOONESBURY



DENNIS THE MENACE



"HOLD IT, JOEY! THE BEES ARE OUR FRIENDS. THEY MAKE HONEY AND MARMALADE AND STUFF!"

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

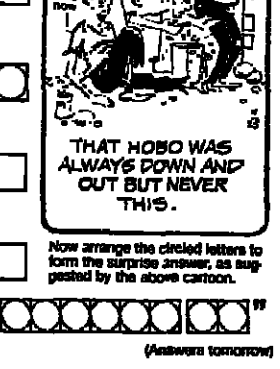
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NUDAT

CUPAN

SMIBUT

THINEW



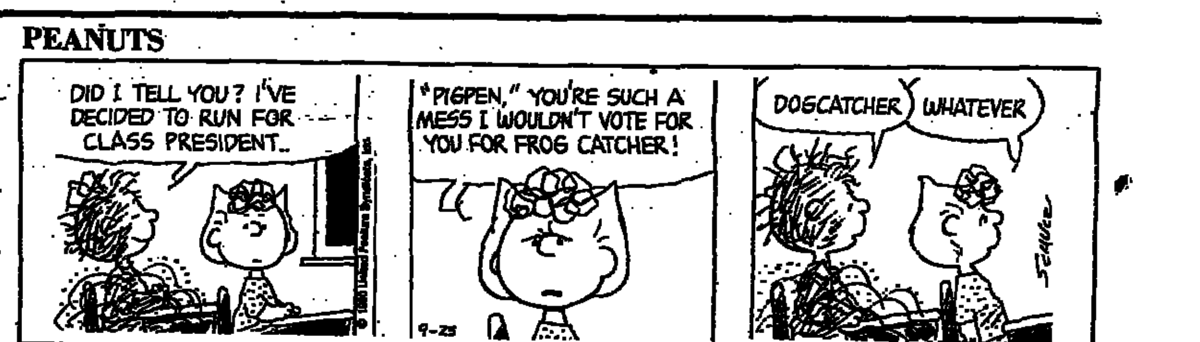
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: "◯◯◯◯◯◯◯ ◯◯"

(Answers tomorrow)

Yesterday's | Jumbles: JUMPY ADULT HEALTH UPWARD
Answer: What the chairman of the meeting did to get such rapt attention—RAPPED

PEANUTS



BEETLE BAILEY



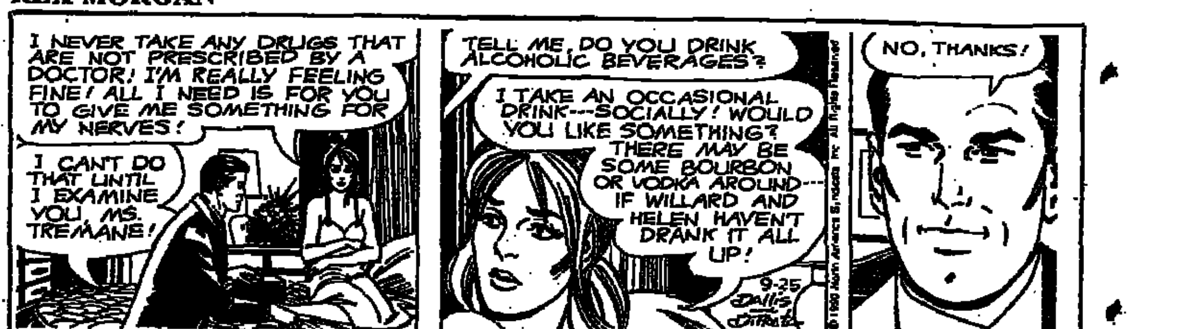
ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



SPORTS

Japan Gets In the Swim At Games

The Associated Press

BEIJING — Takahiro Fujimoto ended China's 14-event gold medal winning streak at the Asian Games on Monday, leading a 1-2 finish by Japan in the 400-meter individual medley swimming race.

But after two days of competition, China had 16 of the 19 gold medals awarded. Monday, the Chinese won three gold medals in women's weightlifting, three in swimming and one each in men's team cycling and women's team gymnastics. Japan won two, in swimming, and South Korea won one, in fencing.

In total medals, China led with 24, followed by Japan's 16 and South Korea's eight.

China's Zhuang Yong, an Olympic silver medalist at 100 meters, and teammate Lin Li became the Games' first double gold medalists.

Zhuang added the women's 200-meter freestyle gold to a victory in the 100. Lin, the women's 400-meter individual medley winner Sunday, won the 200-meter breaststroke.

Fujimoto broke China's perfect record in gold medals, winning the 400-meter individual medley in 4 minutes, 26.10 seconds. China could finish no better than fifth.

Then a Japanese quartet edged China by one-tenth of a second in the men's 800-meter freestyle relay as Japan's first swimmer, Hidetoshi Yamanaka, finished his led in a Games' record time of 7:30.34.

Taiwan, in the Games for the first time since 1970, won its first medal when Ni Chia-ping placed second behind Xing Liwei in the 56-kilogram (123-pound) class of the weightlifting competition. She lifted 180 kilograms.

In gymnastics, the Chinese women sprinkled their performances with some perfect scores of 10 en route to the team gold medal.

■ Last Call in Village

The Asian Games athletes' village is no place to drown disappointments, The Associated Press reported from Beijing.

Alcohol is banned from the village, and the Asian Daily on Monday quoted Min Fangda, chief of the village's Public Order Division, as saying, "We have seized hundreds of bottles of wines and liquors."

He added, however, "We did not confiscate them. Instead, we stored them and gave the owners a receipt so that they can have them back when they leave."

An official with India's team of athletes called the ban on drinking *"unheard of" and told Reuters*, "The athletes should not drink, but we may need a daily peg or two."

To ensure that those staying in the village have sufficient rest, the apartments do not have telephones or television sets. United Press International quoted Hong Kong's gymnastics coach, Jim Wilson, as saying, "It's a bit like a prison because there is nothing to do except eat, sleep and prepare for the next training session."



The Associated Press

Chang, left, was congratulated by Horst Skoff of Austria after his 3-6, 6-7 (4-7), 6-4, 6-4, 6-3 victory.

Chang Rescues U.S. in Davis Cup

Compiled by Our Staff From Dispatches

VIENNA — Michael Chang, coming from two sets down, completed a dramatic rally Monday to defeat Horst Skoff and give the United States a 3-2 victory over Austria in their Davis Cup semifinal.

Chang, trailing by two sets to one when darkness halted the match on Sunday, overcame Skoff, 3-6, 6-7 (4-7), 6-4, 6-4, 6-3.

The victory put the United States into the Davis Cup final against Australia, in a series to be played Nov. 30-Dec. 2 in Florida. It is the first time the United States has reached the final since 1984, when it lost to Sweden, 4-1.

Chang, 18, was hindered by leg cramps in the final few games, but despite that and a 90-minute rain delay before play resumed, "went into the match like a changed person," said Tom Gorman, the nonplaying U.S. team captain. "He knew he could beat Skoff and he also knew how to do it."

Chang broke Skoff in the first game of the fourth set and took a 2-0 lead before Skoff held serve, then broke back to 2-2. After four consecutive breaks, Chang held his serve for 5-3 and took the set.

Skoff held serve only three of 10 times Monday. Chang lost his serve four of nine times.

In the final set, Chang again broke Skoff's first serve, but lost that advantage by dropping his serve. However, two more service breaks finished Skoff, Chang completing his comeback by slamming a service return past Skoff.

"Even when I was up 5-3, I felt the cramps," Chang said. "If I had lost that game I don't know what would have happened.

"It would have been difficult to continue, because of the intensity and the crowd and because it was very cold. So that makes you tighten up a lot."

"The public put me off on Sunday, but this time round I went in and just managed to turn them off," he added. "I think I played some of my best tennis today."

Skoff said that the loss was "the most painful one of my career, but I still like to think I played one of my best matches."

Victory for Skoff would have given Austria a place in the final only a year after it gained the World Group with a remarkable 5-0 victory over Australia in Vienna.

Chang is known for his calmness in five-set matches, of which he now has won seven straight. Skoff suffers greater mood changes in a match.

"I think Horst felt the pressure more than yesterday," said Austria's captain, Filip Krajcik. "He said the balls were heavier and the court slower, but I think he maybe felt that because he was a little bit more nervous."

The United States has won a record 28 Davis Cup titles and Australia is second with 26. But the United States has not won the Cup since 1982, when it beat France, 4-1. *(AP, Reuters)*

Fielder Delays A's Party With A Grand 48th

The Associated Press

Cecil Fielder's 48th home run, his second grand slam of the year, postponed the Oakland Athletics' plans for a pennant-clinching party in the American League West.

It and Jack Morris' four-hit pitching gave the Detroit Tigers a 6-0 victory Sunday in Oakland, and kept the Athletics' magic number for clinching the title at two when the Chicago White Sox won.

Morris posted his third shutout this year, and 23d in the majors, as he walked three and struck out five.

Detroit opened the game with three straight singles to right field, but failed to score, then got six runs in the second inning.

Mike Moore began it by walking Lary Sheets and giving up a single to Chet Lemon. One out later, Milt Cuyler singled, scoring Sheets and sending Lemon to third. Tony Phillips followed with an RBI single and Travis Fryman singled to load the bases.

With two out, Fielder, the major league's home run leader, came up. He reached down for a low, 2-2 fastball and drove it to left-center. The ball just cleared the fence.

White Sox 2, Mariners 1: In Seattle, rookie Frank Thomas homered to break an eighth-inning tie keep Chicago in the AL West race for at least another day.

Alex Fernandez, Chicago's top draft choice this year, held the Mariners to five singles and an unearned for eight innings. Bobby Thigpen pitched the ninth, running his major league save record to 53.

Twins 6, Rangers 4: Gary Gaetti's grand slam in the first, his 200th homer in the majors, helped beat Texas in Minneapolis. It came off Charlie Hough, the pitcher when Gaetti homered in his major league at-bat on Sept. 20, 1981.

Royals 4, Angels 0: Rookie Brian McRae singled in two runs and Steve Farr pitched a five-hitter in Kansas City, extending his scoreless streak 16 innings.



Amy Sancetta/The Associated Press

Dennis Boyd went down when struck in the shin by a line drive in the third inning. He continued but his Expos fell, 2-1, in the 16th.



AP

Clemens: 'The biggest start for me.'

Clemens Sees Physician, Hopes To Pitch Friday Against Jays

The Associated Press

Roger Clemens, sidelined with severe tendinitis in his right shoulder since Sept. 4, was hoping to find out Monday whether he could pitch for the Boston Red Sox before the baseball season ends in a week.

After Clemens threw for the past week, Boston's team physician, Arthur Pappas, had given him the go-ahead to pitch on Sunday. But tenderness returned to the shoulder, so Clemens was to meet with Pappas at the University of Massachusetts Medical Center in Worcester.

Tom Bolton took the place of Clemens on Sunday and lasted only 1⅓ innings as New York beat Boston, 5-4, in Yankee Stadium to knock the Red Sox out of a first place tie in the American League East.

Clemens gave an interview to a Boston radio station in which he said that he planned to start on Friday against Toronto. "It's going to be the biggest start for me," said Clemens. "It might make or break my whole year."

The Red Sox led the Blue Jays by 6½ games when Clemens (20-6, 1.98 earned-run average) last pitched. Without him, Boston went 6-12.

Fortunately for the Red Sox, eight of their last nine games are at Fenway Park. Toronto plays its final nine on the road, with three in Boston. The Blue Jays finished 44-37 at home with Sunday's 5-4 victory over Cleveland and are 39-33 on the road. Boston is 46-27 at home.

The Blue Jays had won 15 straight games at Fenway Park over three seasons until the streak was stopped in June. Boston is 4-0 against Toronto at home this year.

The Blue Jays, by calling "heads," won a coin flip Monday in New York to gain the right to be the home team if a one-game playoff is needed to decide the AL East. The playoff would be on Oct. 4 at 1:05 P.M. Eastern Daylight Time, unless there also is a playoff in the National League East. If the New York Mets and Pittsburgh Pirates also tie for first, their playoff would be in the afternoon and Toronto and Boston would play at 7:05 P.M. EDT.

Orioles 2, Brewers 1: In Baltimore, Bob Melvin's sacrifice fly in the 10th inning sent Milwaukee to its sixth consecutive loss Sunday.

Reds Win, Dodgers Lose to Fall 5 Back

The Associated Press

The Cincinnati Reds aren't ready to say the race in the National League West is over, but Ed Whitson is.

The Padres' right-hander was routed Sunday as the Reds completed a four-game sweep with a 9-2 victory in San Diego.

"They're destined to win it," said Whitson. "They've been there all year, and so they deserve it. They're happy, they're loose, and no matter who they put in, they do the job. Now, it's up to them."

Cincinnati, trying to become the first NL team to hold a division lead from start to finish in a 162-game schedule, cut their magic number for clinching the NL West drop to five. Any combination of victories by the Reds and losses by the second-place Los Angeles Dodgers totaling five would give the Reds the division title.

The Dodgers lost to San Francisco on Sunday to fall five games behind the Reds, whose nine remaining games are all at home.

"We're putting it all together now like we were at the beginning of the season," said Lou Piniella, the Reds' manager. "Now we can go home and finish the job."

But he stopped short of saying the Reds were a cinch for their first division title since 1979.

"When everybody calls off the hunt, then it's over," said Piniella.

The Reds had come into San Diego struggling, having lost seven of 11 as their lead over the Dodgers dwindled to 3½ games.

But against San Diego they amassed 54 hits and scored 20 of their 34 runs with two out.

"We had to pull together," said Eric Davis, who had four hits and scored three runs Sunday. "That's why we've had five or six guys drive in four or five runs in this whole series."

Barry Larkin had three hits and drove in three runs and Luis Quinones hit his second homer, a two-run shot in the seventh off relief pitcher Rich Rodriguez. Both of Quinones's homers have come against San Diego.

Overall, the Reds outscored the Padres, 34-12, in registering their first four-game winning streak since Aug. 24-28.

"They got hot when they had to, and right now they're red-hot," said Whitson. "When you're having a year like that, even when you don't do things right, it turns out right for you."

He left the game after allowing seven runs and 10 hits in four innings. That inflated his earned-run average from 2.39, second in the NL, to 2.63.

Cincinnati's Danny Jackson got his first victory since Aug. 30. He struck out six and held the Padres to six hits for seven innings.

Giants 6, Dodgers 2: Rookie John Burkett won his third consecutive game as San Francisco won in Dodger Stadium.

Matt Williams had three hits, two of them RBI singles, to tie Joe Carter of San Diego and Bobby Bonilla of Pittsburgh for the league RBI lead with 114. Should Williams finish first, it would make the Giants the first team since the 1925-26-27 New York Yankees to have a player win the RBI title in three straight years. Kevin Mitchell won it last year with 125, Will Clark two years ago with 109.

Stan Javier also had three hits for the Giants, the defending NL champions who would have been eliminated from this year's race with a loss.

Burkett gave up eight hits and struck out nine in his second complete game in 30 starts. Jim Neidlinger lost for the first time in six decisions, allowing four runs and five hits in three innings.

Braves 3, Astros 0: Paul Marak pitched a four-hitter in Atlanta for his first major league victory and Dave Justice hit his 27th home run.

Marak, making his fifth start in the majors, struck out one and walked three.

Justice leads the majors with 22 home runs since the All-Star break.

Lacking Runs, Expos Stumble

The Associated Press

The Montreal Expos picked a bad time to go into a hitting slump.

They lost their third straight game in Philadelphia on Sunday as Charlie Hayes singled in the winning run in the 16th inning to give the Phillies a 2-1 victory.

In the three losses, Montreal has managed only 32 hits in 37 innings and lost each game by one run.

"We just stopped swinging the bats," said Buck Rodgers, the Expos' manager.

Montreal trails first-place Pittsburgh by 6½ games in the National League East with 10 games left.

The Pirates beat the St. Louis Cardinals, 7-2, Sunday in Pittsburgh as Bobby Bonilla homered and drove in two runs. With the victory, Pittsburgh maintained its 2½-game lead over the second-place New York Mets

The Mets beat the Chicago Cubs, 7-2, in Shea Stadium on home runs by Darryl Strawberry and Daryl Boston.

The Expos-Phillies game lasted five hours and each team used 22 players.

"I don't think there were five balls hit hard, including the last one, in the whole game," said Rodgers.

Von Hayes drew a walk off losing pitcher Howard Farmer to start the 16th, stole second and went to third on a wild pitch. Farmer intentionally walked John Kruk before being replaced by Bill Sampen.

Charlie Hayes then looped his game-winning hit down the right field line.

Montreal had scored the game's first run in the 12th on Delino DeShields's two-out single, but the Phillies tied it in the bottom of the inning on pinch hitter Dave Hollins's single.

Lenny Dykstra was hitless in five at bats and saw his average drop to .327. He trails league leader Willie McGee, now with Oakland of the American League, by eight points.

SIDELINES

Ban Imposed on Boxers From Iraq

BEIJING (AP) — Iraqi boxers have been banned from regional amateur competition because of their country's invasion of Kuwait, an Asian Amateur Boxing Association official said Monday.

The association, which includes most Asian countries with boxing programs, made the decision "as a matter of course, without taking a vote," said Masaki Saito, Japan's delegate. No decision was made on how long the suspension would last, Saito said.

The Olympic Council of Asia on Thursday banned Iraq from the Asian Games and suspended Iraq's council membership.

Henke Gains First PGA Tour Victory

ENDICOTT, New York (AP) — Nolan Henke shot a 3-under-par 68 to win the B.C. Open by three strokes on Sunday. It was the first victory for Henke in his second year on the PGA Tour.

Henke, who never trailed, had a 16-under 268 total. Mark Wiebe overtook Barry Jaeckel for second when he birdied No. 18 to close at 64.

For the Record

Home At Last scored a 3½-length upset victory over his stablemate, the Kentucky Derby winner Unbridled, in the $1 million Super Derby on Sunday at Louisiana Downs in Bossier City, Louisiana. *(UPI)*

Karl Malone agreed to an eight-year contract with the Utah Jazz of the NBA. Terms were not released but the team's president Frank Layden said that announcement on Malone's contract was forthcoming and that "it would be enough to get Hussein out of Iraq." Malone's current contract paid him about $1.8 million per year. *(AP)*

Quotable

● A.J. Foyt, winningest driver in Indy-car racing history, after being pried from his car with a fractured left foot and heel, dislocated left knee, dislocated right ankle and broken toe on his right foot after a crash during Sunday's Texaco-Havoline 200 in Elkhart Lake, Wisconsin: "I'll be back."



SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	83	70	.542	—
Boston	82	71	.536	1
Detroit	74	79	.484	9
Cleveland	73	81	.474	10½
Baltimore	70	81	.464	12
Milwaukee	69	83	.454	13½
New York	62	91	.405	21
West Division				
Oakland	97	55	.638	—
Chicago	89	64	.582	8½
Texas	80	72	.526	17
California	75	77	.493	22
Seattle	74	80	.481	24
Kansas City	71	81	.467	26
Minnesota	70	84	.455	28

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	88	65	.575	—
New York	85	67	.559	2½
Montreal	81	71	.533	6½
Chicago	72	80	.474	15½
Philadelphia	72	80	.474	15½
St. Louis	68	85	.444	20
West Division				
Cincinnati	87	66	.569	—
Los Angeles	82	71	.536	5
San Francisco	76	75	.570	9
San Diego	71	82	.464	16
Houston	70	83	.458	17
Atlanta	62	91	.405	25

Sunday's Line Scores

AMERICAN LEAGUE

Boston 010 000 210—4 9 0
New York 030 010 10x—5 11 1
Bolton, Lamp (2), Gardner (7) and Pena; M. Witt, Plesac (8), Rishetti (9) and Carsco. W—M. Witt, 5-6. L—Bolton, 9-5. Sv—Rishetti (34). HR—New York, Sax (4).

Cleveland 001 201 000 0—4 10 1
Toronto 002 100 001 1—5 10 1
(10 innings)

Nagy, Olin (7), Orosco (8), D. Jones (9), C. Ward (10), E. Valdez (10) and Alomar; Stieb, MacDonald (4), Wills (5), D. Ward (7), Acker (10) and Myers, Diaz (9). W—Acker, 4-4. L—C. Ward, 1-3. HR—Toronto, Gruber (30).

Texas 000 000 022—4 5 0
Minnesota 310 000 02x—6 7 2
Hough, Mlicka (7), Je. Russell (8) and Petralli; Erickson, Leach (8), Aguilera (9) and Ortiz. W—Erickson, 7-4. L—Hough, 12-11. Sv—Aguilera (29). HR—Minnesota, Gaetti (15).

Milwaukee 010 000 000 0—1 6 0
Baltimore 000 010 000 1—2 7 0
(10 innings)

Higuera and Surhoff; McDonald, Ballard (10) and Hoiles. Melvin (2). W—Ballard, 2-10. L—Higuera, 10-9. HRs—Milwaukee, Vaughn (16), Baltimore, Devereaux (10).

California 000 000 000—0 5 1
Kansas City 010 300 00x—4 6 0
Finley, Fetters (7) and Parrish; Farr and Macfarlane. W—Farr, 12-7. L—Finley, 10-8.

Detroit 000 000 000—0 11 1
Oakland 000 000 00R—1 4 0
Morris and Heath; Moore, Chitren (5), Burns (7), Klink (8), Harris (9) and Hassey. W—Morris, 13-12. L—Moore, 12-14. HR—Detroit, Fielder (48).

Chicago 010 000 010—2 5 1
Seattle 000 000 100—1 5 0
Fernandez, Thigpen (9) and Karkovice; M. Young and Valle. W—Fernandez, 5-3. L—M. Young, 8-17. Sv—Thigpen (53). HR—Chicago, Thomas (5).

NATIONAL LEAGUE

St. Louis 000 002 000—2 5 2
Pittsburgh 301 002 01x—7 8 0
Tewksbury, DiPino (5), Terry (7), Camacho (8) and Pagnozzi; Smiley, Palacios (6) and Slaught. W—Smiley, 9-10. L—Tewksbury, 10-8. Sv—Palacios (2). HR—Pittsburgh, Bonilla (32).

Houston 000 000 000—0 4 0
Atlanta 200 010 00x—3 9 0
Gullickson, Hennis (7) and McGriff; Marak and Mann. W—Marak, 1-2. L—Gullickson, 9-14. HR—Atlanta, Justice (27).

New York 000 001 200—7 15 0
Chicago 000 000 021—3 9 1
Gooden, Penn (9) and O'Brien; Maddux, Pavlas (7), M.Williams (9) and Girardi. W—Gooden, 19-6. L—Maddux, 14-14. HRs—New York, Strawberry (37), Boston (11).

San Francisco 202 020 000—6 10 0
Los Angeles 000 010 100—2 8 1
Burkett and Decker; Neidlinger, Holmes (4), Poole (5), Aase (5), Wetteland (6), Gott (8) and Sciascia. W—Burkett, 14-7. L—Neidlinger, 5-2.

Cincinnati 040 120 200—9 14 0
San Diego 000 020 000—2 6 1
D. Jackson, Layana (8) and Reed; Whitson, Rodriguez (5) and Santiago, Parent (8). W—D. Jackson, 6-6. L—Whitson, 13-9. HR—Cincinnati, Quinones (2).

Montreal 000 000 000 001 000 1—1 10 0
Philadelph 000 000 000 000 001 1—2 7 0
(16 innings)

Boyd, Frey (7), Burke (9), Mahorcic (12), Ke. Gross (13), Farmer (16), Sampen (16) and Fitzgerald; Grieshaber, Ontiveros (8), Boever (10), Akerfelds (13), Carman (13) and Fletcher, Nieto (8), Daulton (10). W—Carman, 6-2. L—Farmer, 0-1.

Major League Leaders

AMERICAN LEAGUE

BATTING (415 at bats): Brett, Kansas City, .332; Palmeiro, Texas, .322; R. Henderson, Oakland, .321; Trammell, Detroit, .308; Boggs, Boston, .305.

RUNS: R. Henderson, Oakland, 112; Fielder, Detroit, 98; Yount, Milwaukee, 94; Reynolds, Seattle, 93; Phillips, Detroit, 92.

RBI: Fielder, Detroit, 126; Gruber, Toronto, 112; McGwire, Oakland, 105; J. Canseco, Oakland, 95; D. Parker, Milwaukee, 92.

HITS: Boggs, Boston, 181; Palmeiro, Texas, 180; Brett, Kansas City, 175; D. Parker, Milwaukee, 175; Kelly, New York, 175.

DOUBLES: Brett, Kansas City, 45; Boggs, Boston, 43; Je. Reed, Boston, 43; Calderon, Chicago, 42; Harper, Minnesota, 41.

TRIPLES: T. Fernandez, Toronto, 17; Sosa, Chicago, 10; Liriano, Minnesota, 9; Burks, Boston, 8; L. Johnson, Chicago, 8.

HOME RUNS: Fielder, Detroit, 48; McGwire, Oakland, 39; J. Canseco, Oakland, 37; McGriff, Toronto, 34; Gruber, Toronto, 30.

STOLEN BASES: R. Henderson, Oakland, 62; Kelly, New York, 40; Perils, Texas, 34; Sax, New York, 35; L. Johnson, Chicago, 33.

PITCHING (12 decisions): Welch, Oakland, 25-4, .806, 3.02; B. Jones, Chicago, 11-3, .786, 2.28; Clemens, Boston, 20-6, .769, 1.98; Stieb, Toronto, 18-6, .750, 2.96; King, Chicago, 11-4, .733, 3.31; R. Robinson, Milwaukee, 11-4, .733, 3.04; Wells, Toronto, 11-4, .733, 3.07.

STRIKEOUTS: Ryan, Texas, 210; B. Witt, Texas, 209; Clemens, Boston, 204; Hanson, Seattle, 194; Langston, California, 182.

SAVES: Thigpen, Chicago, 53; Eckersley, Oakland, 44; D. Jones, Cleveland, 40; Rishetti, New York, 34; Olson, Baltimore, 33.

NATIONAL LEAGUE

BATTING (415 at bats): McGee, St. Louis, .335; Dykstra, Philadelphia, .327; Murray, Los Angeles, .326; Magadan, New York, .324; Dawson, Chicago, .315.

RUNS: Sandberg, Chicago, 110; Bonilla, Pittsburgh, 108; Bonds, Pittsburgh, 103; Dykstra, Philadelphia, 102; Roberts, San Diego, 101.

RBI: Bonilla, Pittsburgh, 114; J. Carter, San Diego, 114; Mo. Williams, San Francisco, 114; Bonds, Pittsburgh, 113; Strawberry, New York, 107.

HITS: Dykstra, Philadelphia, 186; Larkin, Cincinnati, 180; Sandberg, Chicago, 179; Butler, San Francisco, 177; T. Gwynn, San Diego, 177; Wallach, Montreal, 177.

DOUBLES: Jefferies, New York, 39; Bonilla, Pittsburgh, 37; H. Johnson, New York, 36; Roberts, San Diego, 36; Sabo, Cincinnati, 36.

TRIPLES: Duncan, Cincinnati, 11; T. Gwynn, San Diego, 10; Coleman, St. Louis, 9; Butler, San Francisco, 8; Dunston, Chicago, 8; La. Smith, Atlanta, 8.

HOME RUNS: Sandberg, Chicago, 37; Strawberry, New York, 37; Mitchell, San Francisco, 35; Bonds, Pittsburgh, 31; Bonilla, Pittsburgh, 32.

STOLEN BASES: Coleman, St. Louis, 77; Yelding, Houston, 58; Bonds, Pittsburgh, 50; Nixon, Montreal, 47; Butler, San Francisco, 45; Raines, Montreal, 45.

PITCHING (12 decisions): Drabek, Pittsburgh, 20-6, .769, 2.27; R. Martinez, Los Angeles, 19-6, .760, 3.04; Cook, Los Angeles, 9-3, .750, 3.56; Gooden, New York, 18-6, .750, 3.80; Tudor, St. Louis, 12-4, .750, 2.40.

STRIKEOUTS: R. Martinez, Los Angeles, 216; Cone, New York, 214; Gooden, New York, 208; Fernandez, New York, 173; Viola, New York, 169.

SAVES: Franco, New York, 33; Myers, Cincinnati, 30; Le. Smith, St. Louis, 27; Do. Smith, Houston, 23; Lefferts, San Diego, 23.

SOCCER

SPANISH FIRST DIVISION

Osasuna 1, Burgos 0
Sporting de Gijon 3, Athletic de Bilbao 1
Atletico de Madrid 1, Tenerife 1
Barcelona 1, Valladolid 0
Castellon 3, Betis 1
Sevilla 2, Valencia 1
Mallorca 4, Espanol 0
Zaragoza 1, Real Madrid 3
Cadiz 2, Oviedo 1
Real Sociedad 2, Logrones 0

Standings: Barcelona 8; Sporting Gijon, Real Madrid 6; Atletico Madrid, Osasuna, Real Sociedad, Seville, Mallorca 5; Atletico Bilbao, Burgos, Oviedo, Tenerife, Cadiz 4; Espanol, Logrones, Valencia, Castellon 3; Valladolid 2; Betis 1; Real Zaragoza 0.

TRANSACTIONS

BASEBALL
National League

SAN DIEGO—Fired Jack McKeon, general manager.

BASKETBALL
National Basketball Association

UTAH—Agreed to terms with Karl Malone, forward, on eight-year contract.

FOOTBALL
National Football League

GREEN BAY—Put Bobby Houston, linebacker, on non-football illness reserve list. Re-signed Carl Bland, wide receiver.

L.A. RAMS—Signed John Corney, kicker. Put Richard Ashe, tight end, on injured reserve.

MINNESOTA—Signed Walker Lee Ashley, linebacker. Waived Paul Blair, tackle.

PHILADELPHIA—Waived Ben Brown, quarterback.

SAN DIEGO—Signed Scott Schwedes, wide receiver. Put Ron Heard, wide receiver, on injured reserve.

WASHINGTON—Put Clarence Vaughn, safety, on injured reserve. Activated Wayne Davis, cornerback.

HOCKEY
National Hockey League

LOS ANGELES—Sent Robb Stauber, goaltender, and Darryl Williams and Brandy Semchuk, left wings, to New Haven, American Hockey League. Sent Sean Whyte, right wing, to Phoenix, International Hockey League.

MINNESOTA—Called up Warren Babe and Mike Craig, centers, and Derian Hatcher and Dan Kecanner, defensemen, from Kalamazoo, International League.

NEW JERSEY—Sent Stanley Reddick and Mark Ramaine, goaltenders; Todd Copeland, Chris Klaus, Marc Laniel, Mike Posma, Jeff Sharples, Sergei Starikov and Bob Woods, defensemen; and Perry Anderson, Mike Bodnarchuk, Neil Brady, Jeff Christian, Bill Huard, Jeff Madill, Brennan Maley, Chris Palmer, Steve Rooney, Jason Simon, Kevin Todd and Claude Vilgrain, forwards, to Utica, American Hockey League.

COLLEGE

CITADEL—Named Dave Kennedy wrestling coach.

INDIANA, Pa.—Named Keith Fritz women's swimming coach.

FOOTBALL

NFL Standings

AMERICAN CONFERENCE

East	W	L	T	Pts	PF	PA
Miami	2	1	0	.667	60	51
Buffalo	1	1	0	.500	33	40
N.Y. Jets	1	1	0	.500	44	46
New England	1	2	0	.333	47	82
Indianapolis	0	3	0	.000	34	66
Central						
Cincinnati	3	0	0	1.000	87	43
Cleveland	1	2	0	.333	48	51
Houston	1	2	0	.333	60	77
Pittsburgh	1	2	0	.333	26	48
West						
LA Raiders	3	0	0	1.000	51	25
Denver	2	1	0	.667	67	68
Kansas City	2	1	0	.667	64	48
San Diego	1	2	0	.333	54	52
Seattle	0	3	0	.000	44	68

NATIONAL CONFERENCE

East	W	L	T	Pts	PF	PA
N.Y. Giants	3	0	0	1.000	75	30
Washington	2	1	0	.667	63	41
Dallas	2	1	0	.333	39	61
Philadelphia	1	2	0	.333	68	71
Phoenix	1	2	0	.333	30	80
Central						
Chicago	3	0	0	1.000	67	29
Tampa Bay	2	1	0	.667	75	76
Detroit	1	2	0	.333	62	75
Green Bay	1	2	0	.333	52	72
Minnesota	1	2	0	.333	69	46
West						
San Francisco	3	0	0	1.000	58	30
Atlanta	1	2	0	.333	74	67
LA Rams	1	2	0	.333	80	77
New Orleans	1	2	0	.333	43	52

SUNDAY'S RESULTS

Washington 19, Dallas 15
Houston 24, Indianapolis 10
Kansas City 17, Green Bay 3
New York Giants 20, Miami 3
Chicago 19, Minnesota 16
Cincinnati 41, New England 7
New Orleans 28, Phoenix 7
San Diego 24, Cleveland 14
San Francisco 19, Atlanta 13
Philadelphia 27, Los Angeles Rams 21
Los Angeles Raiders 28, Pittsburgh 3
Denver 34, Seattle 31, OT
Tampa Bay 23, Detroit 20

MONDAY'S GAME

Buffalo at New York Jets

CANADIAN FOOTBALL LEAGUE
Sunday's Result

Winnipeg 36, Saskatchewan 7

TENNIS

Davis Cup

WORLD GROUP
Semifinals
United States 2, Austria 2
In Vienna

Michael Chang, U.S., def. Horst Skoff, 3-6, 6-7 (4-7), 6-4, 6-4, 6-3.

WORLD GROUP QUALIFYING
Canada 2, Netherlands 2
In Toronto

Reverse Singles: Paul Haarhuis, Netherlands, def. Chris Pridham, 4-6, 6-3, 6-0, 7-5; Grant Connell, Canada, def. Mark Koevermans, 7-6 (7-5), 7-6 (7-5), 6-3.

Mexico 5, Uruguay 0
In Mexico City

Reverse Singles: Jorge Lozano, Mexico, def. Victor Colderelli, 3-6, 6-3, 6-1; Oliver Fernandez, Mexico, def. Marcelo Filippini, 7-5, 6-3.

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ART BUCHWALD

Russian Marlboro Man

WASHINGTON — There are other things going on in the world besides the Middle East crisis. One is that the Philip Morris Company and RJR-Nabisco have just signed a contract to sell 34 billion cigarettes to the Soviet Union.

I asked Boris Gum, a Russian trade official stationed in Washington, if the importation of that much tobacco would cause a coughing problem in the Soviet Union.



Buchwald

"Smoking has never been a health issue in the U.S.S.R.," he replied. "Finding the cigarettes has been the difficulty. We don't have any consumer goods in our country right now, so people smoke a lot to forget that this is the first day of the rest of their lives. Russian citizens would kill for cigarettes, not raspberries," he assured me.

"But with 34 billion cigarettes, the United States could bury you!"

"Why do Americans care as long as they make money on it?"

"In the past we didn't care, but now we need every Soviet citizen we can get to beat the hell out of the Iraqis."

Boris said, "Don't worry about our health. Your cigarettes are too mild to hurt our people. The major difference between our countries is that Russian cigarettes taste like blowtorches and yours taste like rice pudding."

□

"Are you going to put warnings on the U.S. cigarettes before you sell them?" I asked Boris.

"The Soviet Union does not believe that government should interfere in the private lives of its citizens," he said.

"What about people who object to other Russians smoking? Will their rights be respected?"

"We plan to divide the Soviet Union up into Smoking and No Smoking sections. The smokers will live in Siberia — the nonsmokers in the Ukraine."

"How did the tobacco deal happen?" I wanted to know.

Boris told me, "The Soviets have always admired America's ability to blow smoke. We dreamed of manufacturing our own cigarette that would match the firepower of a Camel or a Virginia Slim. Unfortunately, our nicotine scientists could never come up with anything as good. So when the American cigarette companies offered to sell us cigarettes, we threw out the food budget for the next five years to buy all the butts in Philip Morris."

"When it comes to smoking, the Russians have it made."

"Not exactly," Boris said. "We're still lacking."

"In what?" I asked.

"Matches. The U.S. deal didn't include matches."

"Why not?"

"The Americans were afraid that we'd set fire to Lithuania." Boris continued, "It doesn't matter because this agreement will make it possible for the U.S. and the Soviet Union to become brothers again. It's a religious experience."

"How?"

"Every time a Soviet citizen lights up, he says, 'Thank God for the Marlboro Man.'"

U.S. Church Gets Tiffany Mosiac

The Associated Press

OAKLAND, California — A huge mosaic of iridescent Tiffany glass worth millions of dollars and considered by the late American artist to be his crowning achievement will be featured in a new church here.

Lake Merritt United Methodist Church is constructing its new building around the glittering mosaic, which is valued in the millions of dollars. It was donated to the church by the First United Methodist Church in Los Angeles. The panels were made for that church by Tiffany Studios of New York in 1923 at a cost of $130,000.

The mosaic consists of three 8-by-17-foot (2.4-by-5-meter) panels in the Art Nouveau style, in which Louis Comfort Tiffany crafted his lamp shades and stained-glass windows. Entitled "Te Deum Laudamus," the work depicts crowds adoring Jesus shining above them on a throne. Before he died in 1933, Tiffany was quoted as saying the panels were his "crowning achievement," and critics have hailed the mosaic as his masterpiece.

Exploring the Dark Side: Stacy Keach in 'Richard III'

By Megan Rosenfeld
Washington Post Service

WASHINGTON — It is curious but true that most actors love to play characters who are wicked or deformed. Assembling a wardrobe of limps, sneers, ominous glowers and sly smiles, the player then mulls over the nature and uses of evil, investigating the dark side of the soul.

Shakespeare's "Richard III" is a perennial favorite in this category, and Stacy Keach is no exception to the actor's rule. Whatever the earthly inconveniences of undertaking the role at the Shakespeare Theatre at the Folger in Washington — three months away from his California home, a pittance for a salary, the quantity of words to learn, weight to lose and muscles to coerce — it is clear the role is a tonic for him.

"It's the agony and the ecstasy," he said. "The agony is when you're not there, when it isn't right." The ecstasy, evidently, is when it is.

Laurence Olivier modeled his fabled interpretation of the power-greedy king physically on the American director Jed Harris, under whom the actor had suffered. Rip Torn did a production in the '60s in which his Richard III was Richard Nixon.

Keach does not cite a specific person for his model but says he has longed to play the part for years. Financially cushioned by his work in television, Keach finally realized a plan to tackle the role within the classic confines of the Folger. It is his first major stage role since 1986, when he starred in a production of "Idiot's Delight" at the Kennedy Center as part of the ill-fated American National Theater.

Keach was happy to discuss the conceptual and physical roots of his Richard's deformity.

"I started out thinking it was polio, then cerebral palsy," he said, leaping up to demonstrate a lurching, twisted walk. "But I abandoned modern diagnoses. I just know exactly what it is and what it will look like." That includes a leg brace and a built-up boot, the hump and a prosthetic hand. And, as a final touch, he has shaved his mustache to emphasize the scar that knifes his lip, the legacy of a harelip operated on in childhood.

"You might as well go with what you've got," he said, with a grin.

All this is within the tradition for Richard IIIs, despite recent scholarship that suggests Shakespeare's portrayal of the king was based on propaganda, that Richard was not deformed at all, but depicted as such as part of "the outrageously imaginative fruit of Tudor chroniclers' desperate need to rewrite an embarrassing and reprehensible series of events," according to the Folger's dramaturg, Liza Henderson. "In fact it seems that Richard was a king of some quiet but extraordinary qualities."

The local president of a society created in 1924 to clear the king's reputation said he spoke to Keach at a Folger party. "I asked him to go easy on my guy," said Anthony Collins, who represents the Fellowship of the White Boar. "But it's Shakespeare who is really our problem. They have to do it as he wrote it."

> **'A Richard III without a limp, a hump, a twisted grin? No way.'**

"I told him, 'Hey, we're not doing a documentary here,'" Keach said. "A Richard III without a limp, a hump, a twisted grin? No way."

In fact, the director, Michael Kahn, has augmented Richard's opening speech, the famous "Now is the winter of our discontent," with a few lines from "Henry VI, Part 3," in which the same Richard describes his deformity:

Why, love forswore me in my mother's womb:
And, for I should not deal in her soft laws,
She did corrupt frail nature with some bribe,
To shrink mine arm up like a wither'd shrub;
To make an envious mountain on my back,
Where sits deformity to mock my body;
To shape my legs of an unequal size;
To disproportion me in every part,
Like to a chaos, or an unlick'd bear-whelp
That carries no impression in the dam.

But enough about the physical stuff. "I am most concerned about the passion," Keach said. "The duplicity. Richard's quest for power and obsession with success stems from his deformity."

Keach was considered in his youth to have been primed to inherit the cloak of John Barrymore, Edwin Booth, Alfred Lunt or whichever theatrical god one wished to invoke. So what is one to make of his career, starting as it did with Shakespeare, Ibsen, a slightly scandalous (at the time) off-Broadway political satire called "MacBird," then adding small parts in odd but respectable movies, and then sliding into television?

In 1972 he played both Hamlet and Martin Luther on stage; in 1983 he did "Princess Daisy" and two Mike Hammer movies for television.

"Keach was one of the hottest young actors in Hollywood," says his entry in the International Directory of Films and Filmmakers. "Then in what is one of the sharpest reverses in movie history, Keach's film career sank in the 1970s after a string of unsuccessful, forgettable films ('Gray Lady Down,' 'The Dion Brothers,' 'The Squeeze'). He finally hit the cinematic bottom when he played second fiddle to Cheech and Chong in 'Up in Smoke' and Pia Zadora in 'Butterfly.'

"Ultimately, Stacy Keach's versatility and range may have undercut his screen success," this particular historian concludes. "Taken as a whole, the very diversity of his acting career clouds any singular impression left by his movie roles."

But the director Arvin Brown, who went to Yale drama school with Keach and has worked with him since, said "I think that was truer at a certain stage in his career than it is now. Stacy was blessed and cursed with the best technical equipment of any actor in our class. He had abilities more common among English actors than American. And because he was young, and his life experiences were not equal to his abilities, he sometimes appeared facile.

"He is not a personality actor, not a super-stud. That type of thing never interested him. Superstars tend to be people whose personalities are easily graspable. He's much more interested in submerging himself in a character."

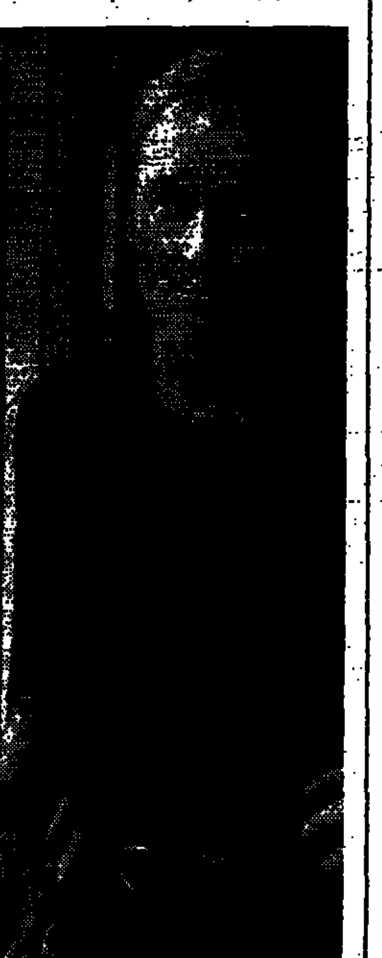
At 49, Keach has certainly had some life experiences, including a six-month stint in an English jail for cocaine smuggling that he now prefers not to talk about. At the time, 1985, he performed the public expiation society seems to require of its famous sinners, appearing at a U.S. congressional hearing, narrating a documentary about drug abuse in the workplace, and discussing his rehabilitation. The producer of "Mickey Spillane's Mike Hammer," Jay Bernstein, even traveled to 15 cities while Keach was in jail, as part of a personal campaign to protect Keach's reputation. A person who has paid his debt to society should be allowed to get on with his life, Bernstein argued.

And it would seem Keach has. There have been two Mike Hammer television movies filmed since then, the most recent in 1989, and after a slight pause, other television work started coming. He is in a new movie, "Class of 1999," and in 1988 played Ernest Hemingway in an eight-part series.

"He has had a lot of personal stress," Brown acknowledged. "I think it has enriched his acting immeasurably. My wife, who is an actress, likes to say that acting is the only profession where you can use your pain."

Brown recalled that his first professional job was with Keach. After his year at Yale, Keach put together a one-man program of Shakespeare and Brown directed it. "He spent the summer touring around with this thing, and when he came back he handed me $50 or $75. I was stunned!"

The two plan to work together again next year, with Brown directing Keach in a one-man show about John Barrymore, written by William Luce. Barrymore has always intrigued Keach, who also comes from a theatrical family. His father, Stacy Keach Sr., was a character actor and producer, and his brother James is also an actor (the brothers collaborated on a movie called "The Long Riders" in 1979). His third wife, Malgosia Tomassi, is an actress Keach met in England. They have a 2-year-old son, Shannon, who is in Washington with them.



Margaret Thomas/The Washington Post

Keach, without mustache, for the role.

PEOPLE

Rushdie's New Book: Fairy Tale and Message

Salman Rushdie's first book since Iran called for his death is a fairy tale for children that has been acclaimed by critics as a charming work with a serious message for adults as well. Rushdie has been in hiding for 19 months, since **Ayatollah Ruhollah Khomeini** called for the author's death after his novel "The Satanic Verses" was deemed blasphemous to Islam. The new book, "Haroun and the Sea of Stories," tells of a Hindu storyteller whose talent is destroyed by a fanatical dictator. His brave son, Haroun, eventually defeats the enemy and restores his father's gift. Rushdie dedicated the book to his own son. The writer **Anthony Burgess**, reviewing the book in the Observer called it a "great tribute to the resilience of Mr. Rushdie's beleaguered spirit that he should write so charmingly funny a book." Burgess said, "If we wish, we can take it as a piece of Swiftian outrage at human folly disguised as a children's tale."

□

President Vaclav Havel of Czechoslovakia began his first visit to Italy as head of state by accepting a literary prize for his work as a playwright under his country's former Communist regime. Havel received the Malaparte Prize in a ceremony on the isle of Capri. The jury described Havel as "a writer who knew how to fulfill the indispensable role of intellectual in society."

□

BBC television has scrapped plans for a satirical comedy series about the retirement years of **Prime Minister Margaret Thatcher** because it did not have enough "sustained laughable content." The Times of London reported that "libel lawyers found little to laugh at" in the series, to have been called "Dunrulin." A BBC spokesman denied that political considerations had played a part in the decision to drop the series.

□

Evel Knievel cannot be considered an expert witness on motorcycles or motorcycle crashes, despite the stuntman's years of experience with both, a judge in Montana has ruled. Knievel, 51, had been called as an expert witness to testify on behalf of a Missoula man paralyzed in a 1980 motorcycle accident. But the court ruled that Knievel was not qualified to reconstruct the accident.

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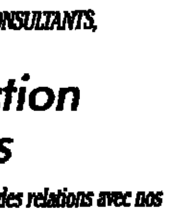
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